

STOCKPILE REPORT

to the Congress

JULY - DECEMBER 1965

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
WASHINGTON, D. C. 20504**

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OFFICE OF THE DIRECTOR

April 29, 1966

Honorable Hubert H. Humphrey
President of the Senate

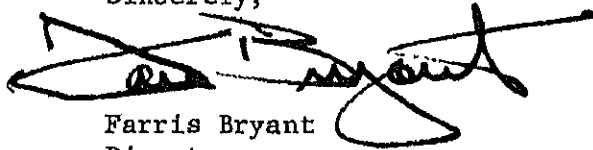
Honorable John W. McCormack
Speaker of the House of Representatives

Sirs:

Pursuant to Section 4 of the Strategic and Critical Materials Stock Piling Act, Public Law 520, 79th Congress, there is presented herewith the semiannual report to the Congress on the strategic and critical materials stockpiling program for the period July 1 to December 31, 1965.

A statistical supplement to this report was transmitted to you on March 16, 1966.

Sincerely,

A handwritten signature in black ink, appearing to read 'Farris Bryant', with a large, sweeping flourish extending to the right.

Farris Bryant
Director

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SUMMARY

This report covers the principal activities in stockpile planning and management during July 1 through December 31, 1965, under the provisions of Public Law 520 (79th Congress), the Strategic and Critical Materials Stock Piling Act.

Emergency Defense Mobilization Order 8600.1 was issued by the Director on October 28, 1965. The Order delegates limited authority to OEP Regional Directors to release strategic materials from the National Stockpile and Defense Production Act inventories in case of enemy attack upon the United States. This authority can be exercised only if communications between the Regions and the National Office of OEP are disrupted. (See page A-1.)

Progress continued on the Supply-Requirements Study for Nuclear War and Reconstruction with completion scheduled for early in 1966. Results of this study will provide a basis for initiating action toward the subsequent development of nuclear war stockpile objectives.

Strategic materials on hand in all Government inventories as of December 31, 1965, amounted to \$8.0 billion at acquisition cost and \$7.8 billion at estimated market value. Of the total materials in Government inventories, \$4.7 billion at cost and \$4.1 billion at estimated market value are considered to be in excess of conventional war stockpile objectives. Comparison of the estimated market value of the objectives established and the extent to which materials on hand in all Government inventories meet these objectives are shown in Chart 1. (See page 8.)

Cumulative sales commitments by the General Services Administration for the disposal of surplus materials as of December 31, 1965, totaled over \$1.6 billion at sales value. Disposal sales commitments increased substantially during the July-December 1965 period, establishing a new record of \$446.0 million for the six-month period. These materials had an acquisition cost of \$369.7 million, which provided the Government

The previous disposal record of \$231.4 million (including Energy Commission inventory) was achieved during the
e Figures 1 and 2, pages 12 and 13.)

INTRODUCTION

On October 28, 1965, the Director of the Office of Emergency Planning issued Emergency Defense Mobilization Order 8600.1, "Provision for the Release of Strategic Materials from the National Stockpile and Defense Production Act Inventories by the Office of Emergency Planning Regional Directors in the Event of Enemy Attack upon the United States." The Order delegates limited authority to OEP Regional Directors to release strategic materials from the National Stockpile and Defense Production Act inventories if there is an enemy attack upon the United States and provided communications between the Regions and the National Office of OEP are disrupted. All strategic materials are available for OEP regional release except dosage form narcotics. A self-triggering emergency release order is in preparation for this special material. Allocation and distribution of narcotics, following the formal release order, would be under the control of the Public Health Service. The full text of Emergency Defense Mobilization Order 8600.1 is shown in Appendix.

SUPPLY-REQUIREMENTS STUDIES—CONVENTIONAL WAR

Silver.—In June 1965, OEP established a stockpile objective for silver at 165 million fine troy ounces. After consultation with the Department of the Treasury, OEP determined during the reporting period that the objective would be fulfilled by earmarking the objective amount in the Treasury stock. OEP also continued cooperation with the Treasury Department in making available to it excess stockpile materials that could be

substituted for silver in the subsidiary coinage program.

Opium.—OEP established a revised stockpile objective for opium at 143,000 pounds avoirdupois, morphine content. The objective includes a subobjective of 41,000 pounds avoirdupois, morphine content, of morphine sulphate and other upgraded forms of narcotics which are generally readily usable in an emergency for the relief of pain. The OEP Strategic Stockpile Procurement Directive for FY 1966 provides for the upgrading of excess gum opium in the Government inventory to fulfill the subobjective. Disposal of excess opium must be approved by the Congress before upgrading contracts can be placed. All actions involving narcotics are taken only with the approval and under the controls established by the Bureau of Narcotics of the Department of the Treasury.

Aluminum Oxide and Bauxite.—OEP prepared new basic data on crude, fused aluminum oxide and on three subsidiary grades of bauxite (abrasive, chemical, and refractory). These data were awaiting review by the Interdepartmental Materials Advisory Committee at the year-end.

SUPPLY-REQUIREMENTS STUDIES—NUCLEAR WAR AND RECONSTRUCTION

During the reporting period, progress continued on the Supply-Requirements Study for Nuclear War and Reconstruction and completion was scheduled for early in 1966. The results of this study will provide a basis for initiating action toward the subsequent development of nuclear war stockpile objectives.

SUMMARY OF GOVERNMENT INVENTORIES OF STRATEGIC AND CRITICAL MATERIALS

As of December 31, 1965, the strategic materials held in all Government inventories amounted to \$8.0 billion at acquisition cost and \$7.8 billion at estimated market value. Of this total, \$5.3 billion at cost was in the National Stockpile, \$1.4 billion in the Supplemental Stockpile, \$1.3 billion in the Defense Production Act inventory, and \$4.0 million in the Commodity Credit Corporation inventory. Of the total materials in Government inventories, \$4.7 billion at cost and \$4.1 billion at estimated market value are considered to be in excess of conventional war stockpile objectives. Over 79 percent of the market value of the total

excess is made up of 11 materials consisting of aluminum, metallurgical grade chromite, cobalt, industrial diamond stones, lead, metallurgical grade manganese, nickel, rubber, tin, tungsten, and zinc.

The following table is a summary of the total value of all materials carried in Government inventories, including those with quantities in excess of stockpile objectives for conventional war. It indicates the acquisition cost and estimated market value of materials with inventories meeting stockpile objectives, and materials with inventories excess to stockpile objectives.

SUMMARY OF GOVERNMENT INVENTORIES OF STRATEGIC AND CRITICAL MATERIALS

December 31, 1965

	Short Tons (In Millions)	Acquisition Cost	Market Value ¹
I. Total Inventories			
National Stockpile.....	25.4	\$5,284,882,400	\$5,641,998,800
Supplemental Stockpile.....	17.8	1,403,044,300	1,317,351,800
Defense Production Act.....	6.5	1,340,915,200	840,764,600
Commodity Credit Corporation.....	.1	4,026,500	3,893,500
Total On Hand.....	49.8	8,032,868,400	7,804,008,700
On Order.....	.2	37,990,000	39,430,900
II. Inventories Within Objective			
Total On Hand.....	27.4	3,327,527,600	3,666,492,100
III. Inventories Excess to Objectives			
Total On Hand.....	22.4	4,705,340,800	4,137,516,600

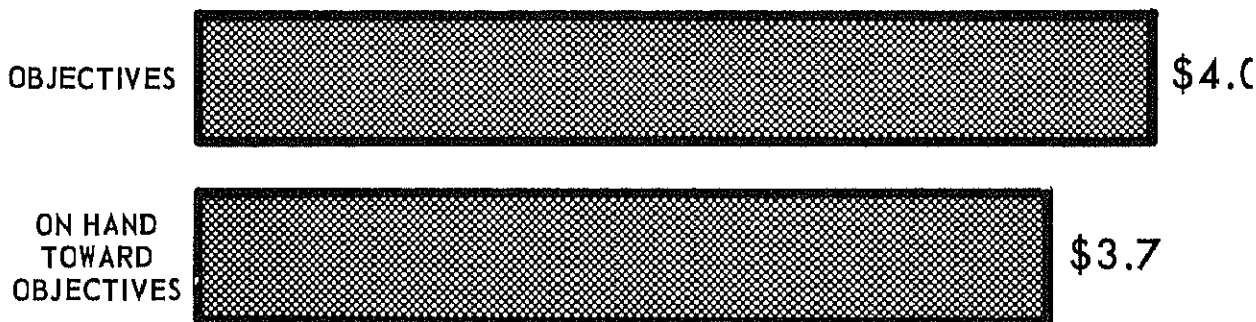
¹ Market values are computed from prices at which similar materials are being traded currently; or, in the absence of such prices, from an estimate of the prices which would prevail in commercial markets. The market values are generally understated for materials in excess of stockpile objectives, since they are based on contained quantities, so that market values are understated for materials in excess of stockpile objectives. The market values do not necessarily reflect the value of sale.

STATUS OF STOCKPILE OBJECTIVES

As of December 31, 1965, materials of stockpile grade held in the National Stockpile approximately equaled or exceeded the objective for 45 of the 77 basic materials on the List of Strategic and Critical Materials for Stockpiling. The inclusion of other Government inventories would increase the number of objectives, which are approximately equaled or exceeded, to 65.

The bar chart below shows the estimated market value of the objectives established and the extent to which materials on hand in all Government inventories (National Stockpile, Supplemental Stockpile, DPA, and CCC) meet these objectives. The figures do not include the quantities of materials on hand in all Government inventories which are in excess of stockpile objectives (\$4. billion).

Chart 1
STATUS OF STOCKPILE OBJECTIVES
AS OF DECEMBER 31, 1965
(In Billions of Dollars)
MARKET VALUE



The materials on the List of Strategic and Critical Materials for Stockpiling are shown in the following table. Achievement of stockpile objectives for conventional war is shown when quantities of materials on hand in Government inventories are sufficient to complete the stockpile objectives.

Footnotes indicate the extent to which materials in the Government inventories are required to meet these objectives. Also footnoted are those materials for which upgrading subobjectives as of December 31, 1965, had not been achieved.

STATUS OF STOCKPILE OBJECTIVES,
STRATEGIC AND CRITICAL MATE-
RIALS ON HAND IN GOVERNMENT IN-
VENTORIES (SPECIFICATION GRADE)

December 31, 1965

Materials	Inventory equals or exceeds objective
Aluminum	x
Aluminum oxide, fused, crude	x
Antimony	x
Asbestos, amosite	(1)
Asbestos, chrysotile	—
Bauxite, metal grade, Jamaica type	(1)
Bauxite, metal grade, Surinam type	(1)
Buaxite, refractory grade	x
Beryl	x
Bismuth	(1)
Cadmium	x
Castor oil	x
Celestite	(1)
Chromite, chemical grade	(1)
Chromite, metallurgical grade	(1)
Chromite, refractory grade	—
Cobalt	x
Columbium	(2) x
Copper	(2) x
Cordage fibers, abaca	x
Cordage fibers, sisal	x
Corundum	—
Diamond dies, small	—
Diamond, industrial: Crushing bort	x
Diamond, industrial: Stones	(1)
Feathers and Down, waterfowl	x
Fluorspar, acid grade	(1)
Fluorspar, metallurgical grade	(1)
Graphite, natural—Ceylon, amorphous lump	(1)
Graphite, natural—Malagasy, crystalline	x
Graphite, natural—Other than Ceylon and Malagasy, crystalline	x
Iodine	—
Jewel Bearings	—
Kyanite-Mullite	x
Lead	x
Magnesium	x
Manganese, battery grade, natural ore	x
Manganese, battery grade, synthetic dioxide	x
Manganese, chemical grade, type A ore	(1)
Manganese, chemical grade, type B ore	(1)

Materials	Inventory equals or exceeds objective
Manganese, metallurgical grade	(1) (2)
Mercury	(1)
Mica, muscovite block, stained and better	x
Mica, muscovite film, first and second qualities	(1)
Mica, muscovite splittings	x
Mica, phlogopite block	x
Mica, phlogopite splittings	x
Molybdenum	(2) x
Nickel	x
Opium	(2) x
Platinum group metals, iridium	—
Platinum group metals, palladium	—
Platinum group metals, platinum	x
Pyrethrum	x
Quartz crystals	x
Quinidine	—
Quinine	x
Rare earths	x
Rubber, crude, natural	x
Rutile	—
Sapphire and ruby	—
Selenium	—
Shellac	x
Silicon carbide, crude	x
Silver	(1)
Sperm oil	x
Talc, steatite, block and lump	x
Tantalum	(1) (2)
Thorium	(1)
Tin	x
Titanium	(1)
Tungsten	(2) x
Vanadium	(2) x
Vegetable tannin extract, chestnut	x
Vegetable tannin extract, quebracho	x
Vegetable tannin extract, wattle	x
Zinc	x

x Inventory in the National Stockpile equals or exceeds objective.

— Inventory deficit.

¹ Sufficient quantities are on hand in total Government-owned inventories to complete the objectives.

² Although total quantities of basic and upgraded forms are equal to the overall objective, the upgrading of the basic material to more readily usable forms for prompt emergency use has not been completed.

OTHER MATERIALS IN GOVERNMENT INVENTORIES

In addition to inventories of specification grade materials, Government inventories contain non-specification grades which are not credited to stockpile objectives, materials that have been removed from the stockpile list, and others for which there are no stockpile objectives. Quantities on hand of nonspecification grades of materials and materials with no stockpile objectives as of December 31, 1965, are indicated in the following tables.

Most of the nonspecification grade materials in

the National Stockpile were acquired by the transfer of Government-owned surpluses to the stockpile after World War II while others were accepted as contract termination inventories. Several were of specification grade when acquired but no longer qualify due to changes in industry practices and other technological advances. Disposal action for most of the items shown in the following tables has been authorized by OEP, while others are under disposal consideration. Inventory changes during the reporting period were due primarily to disposals, or to reclassification and other adjustments of the inventories.

NONSPECIFICATION GRADES OF MATERIALS IN ALL GOVERNMENT INVENTORIES NOT CREDITED TO STOCKPILE OBJECTIVES*

As of December 31, 1965

Unit	Inventory			Total Inventory
	National	Supple- mental and CCC	DPA	
Aluminum.....ST	7,332		5,331	12,663
Antimony.....ST	159			159
Asbestos, chrysotile.....ST	152	3,193	2,343	5,688
Beryl ore.....ST			456	456
Bismuth.....LB	36,580			36,580
Celestite.....SDT	29,017			29,017
Chromium metal, aluminothermic....ST		17		17
Chromite, metallurgical grade.....SDT	780,496		985,114	1,765,610
Chromium, ferro, high carbon.....ST	705			705
Chromium, ferro, low carbon.....ST	20,831			20,831
Chromium, ferro, silicon.....ST	561	2,187		2,748
Chromite, refractory.....SDT	229			229
Cobalt.....LB	5,359,643		6,210,735	11,570,378
Columbium concentrates.....LB	1,363,849	36,146	80,307	1,480,302
Columbium, ferro.....LB	151,845			151,845
Cont. Cb.				
Corundum.....ST	1,952			1,952
Diamond dies, small.....PC	8,373			8,373
Fluorspar, acid grade.....SDT	10,193	4,548	2,383	17,124
Graphite, other than Ceylon and Malagasy, crystalline.....ST	672			672
Jewel Bearings.....PC	14,715,973			14,715,973
Kyanite-Mullite.....SDT	1,845			1,845
Lead.....ST	10			10

**NONSPECIFICATION GRADES OF MATERIALS IN ALL GOVERNMENT INVENTORIES
NOT CREDITED TO STOCKPILE OBJECTIVES*—Continued**

Unit	Inventory			Total Inventory
	National	Supple- mental and CCC	DPA	
Manganese, battery grade natural ore. SDT		4,574		4,574
Manganese ore, metallurgical grade. . SDT	476,165		1,030,047	1,506,212
Manganese, ferro, high carbon ST		584		584
Mercury FL	236			236
Mica, muscovite block St/better . . . LB	346,243	135,192	3,784,349	4,265,784
Mica, muscovite film, 1st & 2nd . . . LB	27,757			27,757
Mica, phlogopite block. LB	206,520			206,520
Nickel ST	8			8
Opium, alkaloids & salts AVLB	2,270			2,270
Platinum group metals, Platinum . . . TROZ	271			271
Quartz crystals LB	601,277			601,277
Rare Earths SDT	1,482			1,482
Silicon carbide, crude ST		57		57
Talc, steatite block & lump ST	3			3
Tantalum, minerals LB	1,458,653	2,200	65,146	1,525,999
Tin LT	148			148
Tungsten ores & concentrates LB	43,457,200	1,152,811	26,103,347	70,713,358
Tungsten, ferro LB	637,701			637,701
Tungsten metal powder, hydrogen reduced LB	14,328			14,328
Tungsten metal powder, carbon reduced LB	170,562			170,562
Tungsten carbide powder LB	63,310			63,310

* Quantities may be shown on this table and also on the disposal table when sales commitments have been made, but the material has not moved out of inventory.

Source: General Services Administration.

MATERIALS IN ALL GOVERNMENT INVENTORIES FOR WHICH THERE
ARE NO STOCKPILE OBJECTIVES*

As of December 31, 1965

Material	Unit	Inventory			Total Inventory
		National	Supple- mental and CCC	DPA	
Aluminum oxide, abrasive grain.	SDT		50,905		50,905
Antimonial lead	ST	12,227			12,227
Asbestos, crocidolite	ST	1,566	46,488		48,054
Brass	ST	7,172			7,172
Bronze	ST	1,118			1,118
Coconut oil	LB	221,126			221,126
Colemanite	LDT		67,636		67,636
Columbium oxide powder	LB	23,372			23,372
Cryolite	ST			11,269	11,269
Diamond dies, other than small	PC	3			3
Diamond tools	PC	64,178			64,178
Hyoscine	OZ	2,134			2,134
Mica, muscovite block, St. B/Lower	LB	4,320,402			4,320,402
Mica, muscovite film, 3rd quality	LB	500,029			500,029
Platinum group metals, rhodium	TROZ	618			618
Platinum group metals, ruthenium	TROZ		15,001		15,001
Rare earths residue	LB			795,647	795,647
Silk noils	LB	670,612			670,612
Silk, raw	LB	19,407			19,407
Silk waste	LB	70			70
Talc, steatite ground	ST	3,901			3,901
Thorium nitrate	LB		7,533,609		7,533,609
Thorium residue	LB			848,354	848,354
Zirconium ore, baddeleyite	SDT	16,514			16,514
Zirconium ore, zircon	SDT	1,722			1,722

* Quantities may be shown on this table and also on the disposal table when sales commitments have been made, but the material has not moved out of inventory.

Source: General Services Administration.

NATIONAL STOCKPILE ACTIVITIES

PROCUREMENT AND UPGRADING

The OEP Strategic Stockpile Procurement Directive for FY 1966 was issued in September 1965. The planned acquisitions include one material—jewel bearings—to be acquired by cash; five materials—columbium metal, oxygen free copper, tantalum metal, and two forms of tungsten powder—by upgrading existing inventories now in basic forms of ore and metal; and nine materials—low iron chrysotile asbestos, refractory chromite, corundum, small diamond dies, iodine, iridium, palladium, rutile, and selenium—by bartering surplus agricultural commodities.

Opium upgrading was omitted from the FY 1966 Stockpile Procurement Directive until a revised objective was established. The revised objective was approved September 27, 1965. Consequently, in January 1966, an amendment to the FY 1966 Procurement Directive was issued providing for the addition of opium to the materials authorized for upgrading. Disposal of excess opium required as payment-in-kind must be approved by the Congress before upgrading contracts can be placed since this material is held only in the National Stockpile.

Three barter contracts for strategic materials, valued at \$6.9 million, were signed by the Commodity Credit Corporation in December 1965. These contracts involved the acquisition of palladium and iodine for transfer to the Supplemental Stockpile for application against unfilled National Stockpile objectives.

MODERNIZATION OF JEWEL BEARING FACILITY

During July–December 1965, the General Services Administration completed arrangements with the Bulova Watch Company to extend the stockpile contract covering the production of jewel bearings and the lease for the property at Rolla, North Dakota, through June 30, 1966.

The construction of the new addition to the Rolla site is continuing and is scheduled to be completed early in 1966. In December 1965, a portion of the new building was occupied for office

After several of the 11 contracts with vendors for equipment being acquired

to modernize the Rolla facility to meet mobilization requirements started during this period. All Swiss equipment deliveries should be completed early in 1966. When the modernization is completed in early 1966, the facility will be equipped with up-to-date tools and methods thereby improving operations and lowering costs.

The increase in production capability will provide added assurance that essential needs for these highly important items can be met during an emergency period.

At the end of the year, the possibility of a further decrease in the price of military standard jewel bearings was being investigated.

UPGRADING OF BASIC MATERIALS TO MORE READILY USABLE FORMS

Columbium-Tantalum.—During the reporting period, one upgrading contract was awarded for the conversion of Government-furnished tantalum/columbium-bearing material to 84,500 pounds of tantalum metal powder of four different grades, 15,500 pounds of tantalum metal slabs, 15,500 pounds of columbium metal powder, and approximately 90,000 pounds of columbium oxide powder. Payment for services, including transportation costs, is to be made with excess stockpile tin.

OFHC Copper.—A total of 569 short tons of oxygen-free, high conductivity copper was delivered under an upgrading contract negotiated by GSA in late FY 1965. Payment for conversion, including all handling and transportation costs, was made in electrolytic nickel cathodes from the Defense Production Act inventory.

DISPOSAL PROGRAM ACTIVITIES

Early in October 1965, actions were taken to intensify disposal programming and to increase the rate of surplus sales in the months ahead—compatible with the improved domestic and international market conditions. The major disposal programs, including several previously deferred, were reviewed by the responsible agencies and the disposal procedures were streamlined to expedite the preparation for submission to the Congress in early January of individual plans requiring legislative action.

During July–December 1965, the Director of OEP gave final approval for the disposition of 22 long-range and 2 short-range disposal programs from the National and/or Supplemental Stock-

piles (subject to Congressional authorization), and Defense Production Act inventory, as shown in the following table.

DISPOSALS AUTHORIZED BY OEP

July–December 1965

Material	QUANTITY	
	National and/or Supplemental Stockpiles*	DPA Inventory
<i>Long-Range</i>		
Aluminum	920,000 ST ¹	530,000 ST
Aluminum Oxide, fused crude	130,000 ST ²	
Bauxite, Jamaica	3,144,882 LDT ¹	714,000 LDT
Surinam	2,244,458 LDT ¹	
Bismuth	212,800 LBS ²	
Chromite, Metallurgical	2,300,000 SDT ³	
Columbium		7,900,000 LBS
Copper	110,000 ST ⁴	4,386 ST
Copper	200,000 ST ⁵	
Diamond Stones, Industrial	8,200,000 KT ²	
Fluorspar, Acid Grade	236,773 SDT ²	
Graphite, Natural—		
Malagasy, Crystalline	16,600 SDT ⁴	
Other than Ceylon and Malagasy, Crystalline	2,000 SDT ⁴	
Mica, Muscovite Block	6,772,000 LBS ²	
Mica, Muscovite Film	528,000 LBS ²	
Mica, Muscovite Splittings	22,666,000 LBS ²	
Mica, Phlogopite Block	205,640 LBS ²	
Mica, Phlogopite Splittings	3,765,000 LBS ²	
Molybdenum	1,034,000 LBS ²	
Platinum	316,300 TrOz ²	
Silicon Carbide, crude	166,500 ST ²	
Zinc	200,000 ST ⁴	
<i>Short-Range</i>		
Bismuth		1,400 LBS
Bismuth		21,400 LBS

* Disposal from the National and/or Supplemental Stockpiles will require approval of the Congress.

¹ Awaiting GSA submission to the Congress.

² Submitted to the Congress (January 19, 1966).

³ Pending Bureau of the Budget Approval prior to Submission to the Congress.

⁴ Authorized by the 89th Congress—1st Session.

⁵ Presidential Release under provisions of Section 5 of the Strategic and Critical Materials Stock Piling Act, as amended.

In addition to approving disposal plans for the materials listed in the above table, the Director of OEP instructed GSA to prepare disposal plans for the following materials for agency concurrence and

industry consultations prior to OEP approval and, in the case of those materials to be released from the National and/or Supplemental Stockpiles, for submission to the Congress.

ADDITIONAL DISPOSAL PLANS REQUESTED

July-December 1965

Material	Unit	QUANTITY	
		National and/or Supplemental Stockpiles*	DPA Inventory
Antimony.....	ST	21,164	
Asbestos, Amosite.....	ST	15,170	
Asbestos, Chrysotile (nonstockpile).....	ST	3,200	1,500
Asbestos, Crocidolite.....	ST	46,600	
Bauxite, Refractory.....	LCT	126,000	
Beryl.....	ST	13,625	2,550
Castor Oil.....	LB	46,000,000	
Celestite.....	ST	9,865	
Chromite, Metallurgical (nonstockpile).....	SDT		85,646
Cobalt.....	LB		25,100,000
Cordage Fibers, Sisal.....	LB	100,000,000	
Corundum (nonstockpile).....	ST	1,950	
Diamond Bort.....	KT	12,012,700	
Diamond Tools.....	PC	64,180	
Fluorspar, Acid Grade.....	SDT		17,317
Manganese, Battery, Natural.....	SDT	206,730	
Manganese, Battery, Synthetic Dioxide.....	SDT	14,575	3,780
Manganese, Chemical, Type A.....	SDT	78,400	
Manganese, Chemical, Type B.....	SDT	36,580	
Mica, Muscovite, Block.....	LB		6,414,580
Opium.....	LB Morphine Content	39,490	
Rhodium.....	TrOz	618	
Ruthenium.....	TrOz	15,000	
Titanium.....	ST		10,860
Tungsten.....	LB	17,600,000	
Vanadium.....	ST	6,465	

* Disposal from the National and/or Supplemental Stockpiles requires the approval of the Congress.

LEGISLATION RELATIVE TO STOCKPILE DISPOSALS

During the reporting period, the Congress

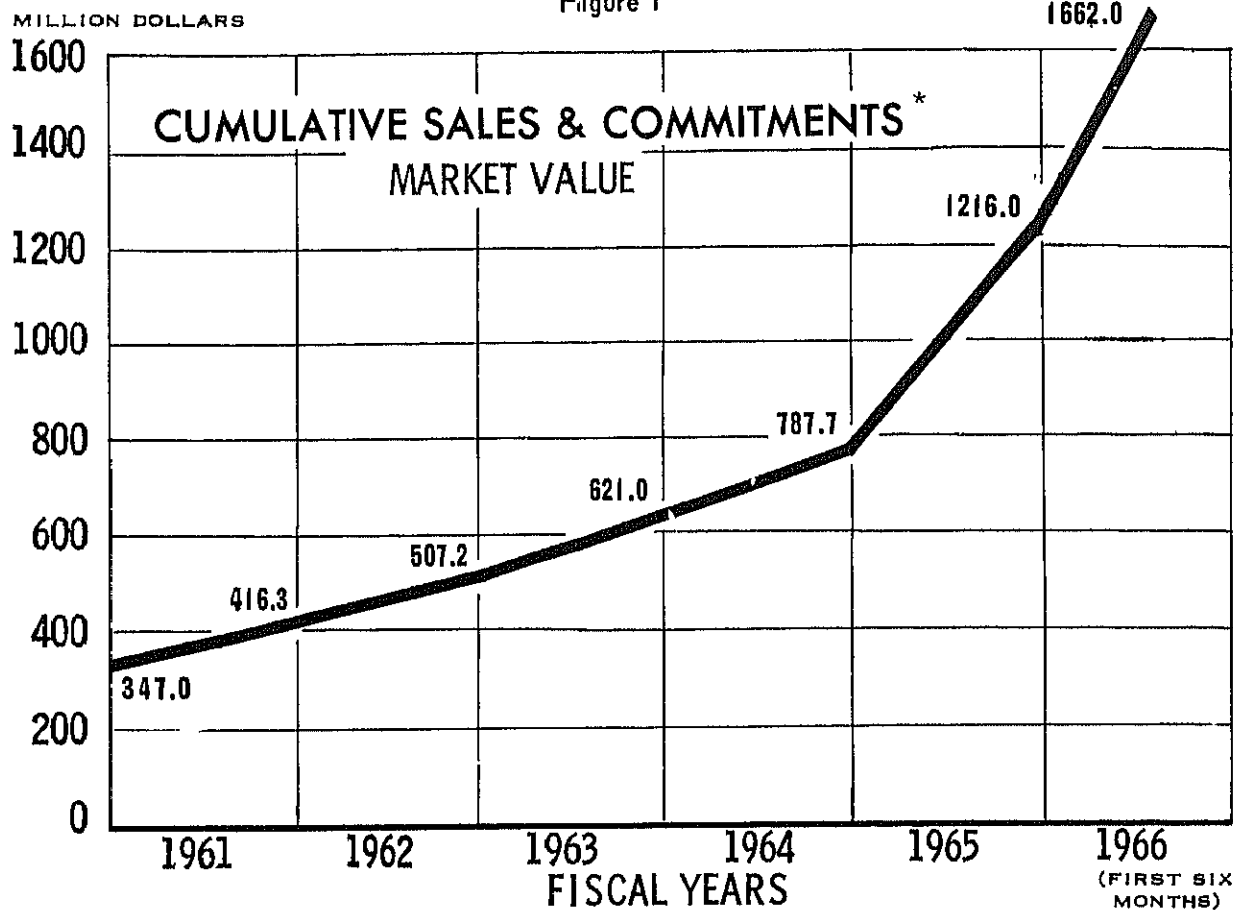
enacted legislation authorizing the following disposals from the National and/or Supplemental Stockpiles:

Material	Unit	Quantity	Date Enacted
Silk Noils..	Lbs	969,500	H.Con.Res. 100—8-6-65
Silk, Raw.....	Lbs	113,500	H.Con.Res. 100—8-6-65
Bismuth (nonspecification).....	Lbs	36,580	H.Con.Res. 454—8-23-65
Diamond Dies (nonspecification).....	Pcs	8,374	H.Con.Res. 454—8-23-65
Hyoscine.....	Oz	2,100	H.Con.Res. 455—8-23-65
Magnesium.....	ST	21,500	H.Con.Res. 453—8-23-65
Rubber.....	LT	620,000	P.L. 89-168 —9-2-65
Chromite, Chemical.....	ST	659,100	P.L. 89-247 —10-9-65
Chromium Metal (nonspecification).....	Lbs	33,552	P.L. 89-252 —10-9-65
Colemanite.....	LDT	67,600	P.L. 89-246 —10-9-65
Copper.....	ST	110,000	P.L. 89-251 —10-9-65
Fluorspar, Acid Grade (nonspecification).....	SDT	4,548	P.L. 89-252 —10-9-65
Silicon Carbide (nonspecification).....	ST	56	P.L. 89-252 —10-9-65
Vegetable Tannin Extracts:			
Chestnut.....	LT	15,000	P.L. 89-245 —10-9-65
Quebracho.....	LT	111,457	P.L. 89-245 —10-9-65
Wattle.....	LT	23,962	P.L. 89-245 —10-9-65
Cordage Fiber (Abaca).....	Lbs	97,000,000	P.L. 89-279 —10-20-65
Graphite, Malagasy.....	ST	16,586	P.L. 89-310 —10-31-65
Graphite, Other than Ceylon & Malagasy.....	ST	2,009	P.L. 89-310 —10-31-65
Quartz Crystals.....	Lbs	4,856,338	P.L. 89-310 —10-31-65
Talc.....	ST	1,049	P.L. 89-310 —10-31-65
Zinc.....	ST	200,000	P.L. 89-322 —11-4-65
Nickel.....	Lbs	200,000,000	P.L. 89-323 —11-5-65

As of December 31, 1965, cumulative sales commitments of surplus materials negotiated by GSA totaled over \$1.6 billion at sales value, of which \$1.2 billion (including \$192.0 million authorized by Presidential release under Section 5 of the Strategic and Critical Materials Stock Piling Act) were from the National and Supplemental Stock-

piles, \$428.3 million from the Defense Production Act inventory, and \$10.6 million from the Federal Facilities Corporation (lin). Cumulative disposals of mercury and vanadium pentoxide from the Atomic Energy Commission inventory accounted for \$21.2 million of the total. (See Figure 1)

Figure 1

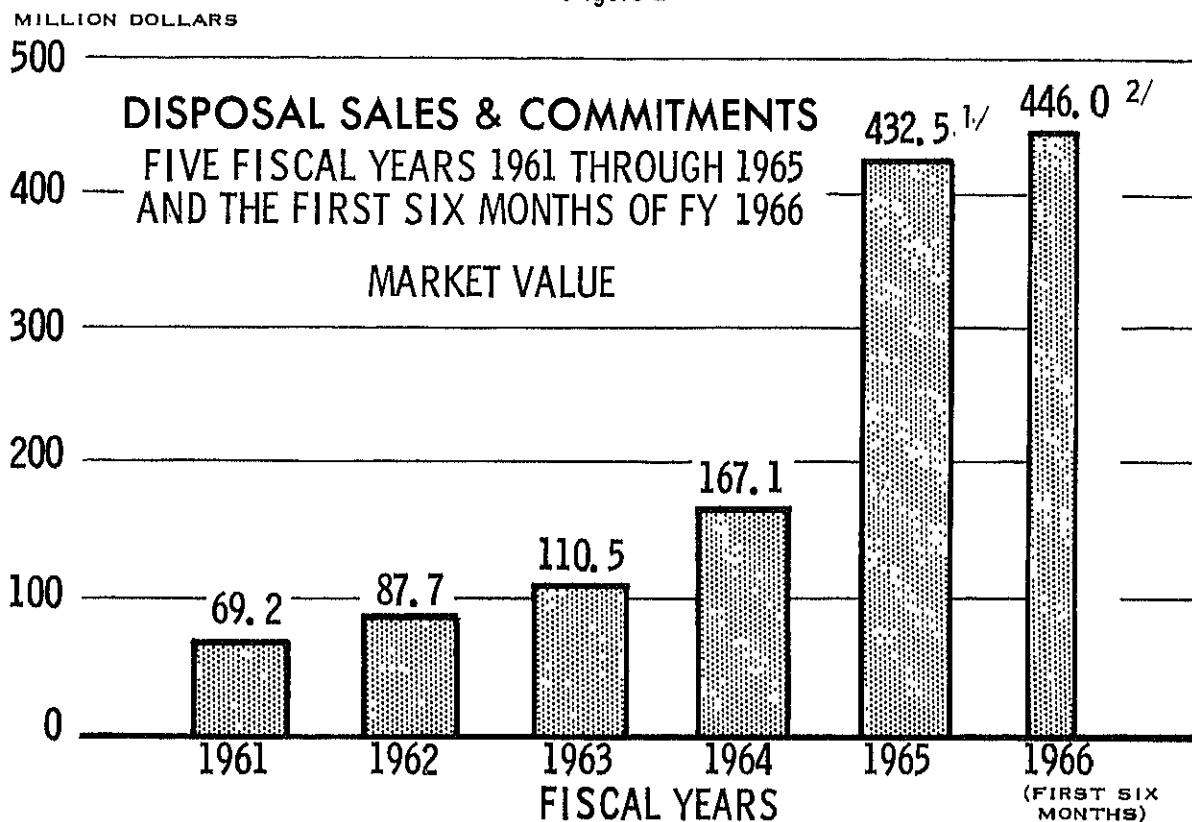


* Includes Presidential Releases and Disposal of AEC Surplus.

During July–December 1965, GSA sales of excess strategic and critical materials totaled approximately \$446.0 million in gross sales value, setting an all time sales record. These materials had an acquisition cost of \$369.7 million, which provided the Government with a gain of \$76.3 million. The previous sales record of approximately \$231.4 million (including \$9.0 million from the Atomic Energy Commission inventory) was

achieved during the January–June 1965 period. Of the six-month total of \$446.0 million, disposals from the National and Supplemental Stockpiles accounted for \$395.5 million, disposals from the Defense Production Act inventory totaled approximately \$38.3 million, and disposals of mercury and vanadium pentoxide from the Atomic Energy Commission inventory totaled \$12.2 million. (See Figure 2).

Figure 2



1/ Includes \$9.0 million AEC surplus

2/ Includes \$12.2 million AEC surplus

Sales to industry were approximately \$308.1 million, an increase of \$95.0 million over the January–June 1965 period. Government-use sales amounted to \$142.9 million, an increase of \$128.6 million. GSA executed a total of approximately 2,285 sales contracts during the reporting period.

The following materials, which made up the major disposals during July–December 1965,

amounted to approximately \$424.6 million, as follows: aluminum, \$24.5 million; copper, \$227.9 million; lead, \$5.2 million; nickel, \$64.6 million; rubber, \$31.0 million; tin, \$30.7 million; and zinc, \$40.7 million.

A list of all the materials sold during the reporting period is shown in the following table.

DISPOSALS OF STRATEGIC MATERIALS
July-December 1965

Material	Unit	Quantity	Sales Commitments		
			Government Use	Industrial Use	Total Sales Value
NATIONAL STOCKPILE INVENTORY:					
Castor Oil	Lb.	6,139,200	\$ —	\$ 822,640	\$ 822,640
Copper	ST	296,095	80,623,191	140,860,691	221,483,882
Cordage fibers, abaca	Lb.	600,100	—	109,343	109,343
Cordage fibers, sisal	Lb.	6,360,291	—	515,677	515,677
Feathers and Down	Lb.	808,948	2,085,635	—	2,085,635
Lead	ST	16,653	371,859	4,803,410	5,175,269
Magnesium ingots	ST	1,550	—	957,372	957,372
Nickel oxide powder	Lb.	12,100	—	8,712	8,712
Nickel, various forms	Lb.	78,602,902	38,875,000	21,237,975	60,112,975
Palm oil	Lb.	3,724,466	—	383,112	383,112
Quartz crystals	Lb.	20,432	—	33,521	33,521
Rubber	LT	61,156	12,138,941	18,912,855	31,051,796
Shellac	Lb.	418,692	—	92,296	92,296
Silicon carbide	ST	56	—	4,032	4,032
Silk noils	Lb.	638,762	—	466,932	466,932
Silk, raw	Lb.	113,553	—	806,120	806,120
Silk waste	Lb.	10,375	—	7,316	7,316
Tin	LT	7,595	1,961,924	28,726,428	30,688,352
Zinc	ST	135,183	326,467	40,351,604	40,678,071
Total National Stockpile			\$136,383,017	\$259,100,036	\$395,483,053
DEFENSE PRODUCTION ACT INVENTORY:					
Aluminum	ST	49,455	—	24,461,773	24,461,773
Asbestos, chrysotile	ST	6	—	937	937
Bismuth, metal	Lb.	22,901	91,601	—	91,601
Copper	ST	8,893	6,402,960	—	6,402,960
Nickel, cathodes	Lb.	4,897,098	—	3,673,518	3,673,518
Nickel, ferro	Lb.	1,100,000	—	830,740	830,740
Rare earth-bearing material	SWT	2,991	—	735,263	735,263
Tungsten concentrates	LBW	1,010,196	—	2,166,742	2,166,742
Total DPA			6,494,561	31,868,973	38,363,534
ATOMIC ENERGY COMMISSION:					
Mercury	FL	9,676	—	6,522,604	6,522,604
Vanadium Pentoxide	ST-V	1,281	—	5,656,113	5,656,113
Total AEC			—	12,178,717	12,178,717
GRAND TOTAL			\$142,877,578	\$303,147,726	\$446,025,304

Source: General Services Administration

NOTES ON STRATEGIC AND CRITICAL MATERIALS

JULY-DECEMBER 1965 ACTIVITY

Aluminum

During the six-month period, intensive effort was made by interested Government agencies and major aluminum producers to develop a long-range disposal program for 1.4 million short tons of excess aluminum from the Defense Production Act inventory and the National Stockpile. A number of group meetings and individual conferences were held with industry members, starting July 7, 1965 and continuing through November 15, to develop a workable sales plan. Following a series of discussions, a Memorandum of Understanding was signed on November 23, 1965, by the Administrator of General Services with the major aluminum companies, including the Aluminum Company of America, Kaiser Aluminum and Chemical Corporation, Reynolds Metals Company, and Olin Mathieson Chemical Corporation, who agreed to participate in the purchase of the aluminum excess. In early January 1966, Revere Copper and Brass, Inc., and Harvey Aluminum (Incorporated) also signed the agreement.

In the light of this Understanding, the Director of OEP authorized the disposal of approximately 1.4 million short tons of excess aluminum from the Defense Production Act inventory and, subject to obtaining Congressional approval, from the National Stockpile. The disposal plan provides that sales will be through long-term contracts with primary aluminum producers, with set-asides to small business; pursuant to contract requirements (included in the Department of Defense contracts and in contracts of other agencies, if feasible), defense contractors and subcontractors will be required to purchase or pass on to the participating producers the amounts of excess stockpile aluminum needed for the end-products acquired under the contracts; participating producers agreed to guarantee the sale of 150,000 tons from November 1, 1965 to December 31, 1966, and their respective shares of 100,000 tons per year thereafter, or if the Government's requirements involved in this disposal program in any such period are greater, a quantity not in excess of 200,000 tons in any such period; and, after December 31, 1966, certain deferrals of obligations to purchase will be permitted, but all obligations to purchase during each successive four-year period (the first such period running from November 1, 1965 through

December 31, 1969) must be fulfilled by December 31, 1969, and during each successive four-year period not later than the end of such period. During the two month period ending December 31, 1965, GSA sales of DPA aluminum under industry contracts amounted to 49,455 short tons, with a sales value of \$24.5 million.

Castor Oil

A total of 6,139,200 pounds of castor oil was sold for a total sales value of \$822,640. This brings the cumulative total sold since the first sale on August 15, 1962, to 54,785,900 pounds with a total cumulative sales value of \$7,695,308, leaving a balance of 100,890,100 pounds remaining unsold from the 1962 authorization.

Copper

On April 2, 1965, Public Law 89-9 was enacted authorizing the release to industry of 100,000 short tons of copper and copper contained in brass and bronze. Subsequent to July 1, 1965, there were approximately 15,500 short tons of such copper contained in brass still available for distribution. On the basis of discussions with the Department of Defense, OEP directed that this material be made available for DO rated military contracts. Of the 15,500 short tons remaining, 13,700 short tons were delivered against DO rated orders and 1,800 tons in leaded brass remained as of December 31, 1965.

On August 2, 1965, the Secretary of the Treasury requested 110,000 tons of copper from the National Stockpile to meet the needs of the Mint for the new coinage program. Steps were taken to obtain the necessary Congressional approval, and on October 9, 1965, Public Law 89-251 was enacted. This Act authorized the transfer of approximately 110,000 short tons of copper from the National Stockpile to the Bureau of the Mint. In addition, over 8,000 tons of copper were released to the Mint from the Defense Production Act inventory, including some which had previously been authorized for Government-use but not yet sold.

On November 18, 1965, the President authorized the release of 200,000 short tons of copper from the National Stockpile under the provisions of

Shellac

Sales of 418,692 pounds of shellac were made from the National Stockpile for a total sales value of \$92,296.

Silicon Carbide

A total of 56 short tons of silicon carbide, authorized under Public Law 89-252, from the Supplemental Stockpile inventory was sold on a competitive sealed-bid basis for \$4,032. The material contained some impurities and was offered for sale on a "price-for-the-lot" basis.

Silk

H.Con.Res. 100, enacted August 6, 1965, authorized disposal of the entire inventories of raw silk and silk noils. These materials were removed from the stockpile list as of March 5, 1964. The entire inventory of raw silk, totaling 113,553 pounds, was sold at public auction for \$806,120, and 638,762 pounds of noils were sold in the same manner for \$466,932. There remain 330,738 pounds of noils to be sold under the authorization.

Tin

Sales of tin from the National Stockpile during the reporting period amounted to 7,595 long tons, valued at \$30.7 million, bringing total sales to 64,938 long tons, valued at approximately \$221.5 million, since disposals were initiated on September 12, 1962. Of the 7,595 long tons sold, 6,730 tons were sales to industry, 462 tons were sold in

connection with AID programs, 18 tons were sold to other Government agencies, and 385 tons were utilized indirectly by the Government in payment for the upgrading of inventory materials in the National Stockpile.

Zinc

During the reporting period, the Government made substantial quantities of zinc available to help alleviate an acute market shortage.

Approximately 75,000 short tons remaining from the 150,000 short tons of zinc authorized for disposal to industry from the National Stockpile under Public Law 89-9, enacted April 2, 1965, were sold for \$22,687,679. Domestic producers of primary and secondary slab zinc and importers of record who agreed to distribute the metal at no profit accounted for 49,419 tons of total sales. The balance of 25,581 tons was sold to regular distributors, dealers, and consumers. Also, 1,077 tons valued at \$326,467, were released to the Department of Defense for direct Government-use of the 50,000 short tons authorized for Government agencies under Public Law 89-9.

In addition, 58,785 tons of the 200,000 short tons of zinc authorized for disposal to industry under Public Law 89-322, enacted November 4, 1965, were sold, at a sales value of approximately \$17.7 million.

Total zinc sales during the reporting period amounted to 135,183 short tons valued at \$40.7 million.

ACTIVITIES OF THE GENERAL SERVICES ADMINISTRATION RELATING TO STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS

The General Services Administration is charged with the general operating responsibility, under policies set forth by OEP, for stockpile management, including (1) purchasing and making commitments to purchase, transferring, rotating, upgrading, and processing of metals, minerals, and other materials; (2) expansion of productive capacity through the installation of additional equipment in Government-owned plants and the installation of Government-owned equipment in privately-owned facilities; (3) storage and maintenance of all strategic materials held in Government inventories; and (4) disposal of excess stockpile materials, including the development of disposal plans, selling the materials, and arranging for Government use of such materials.

The activities of the General Services Administration particularly in connection with procure-

ment, upgrading, and disposals have been summarized in the earlier sections of this report.

STORAGE AND MAINTENANCE

On December 31, 1965, strategic and critical materials were stored at 154 locations, as follows:

Type of Facility	As of 12-31-65	Change in last 6 months
Military depots.. . . .	46	-1
GSA depots.	26	1
Other Government-owned sites.	15	2
Leased commercial sites. .	15	0
Industrial plantsites. . . .	40	1
Commercial warehouses. .	12	-1
Total.	154	+2

Approximately 49.8 million tons of strategic materials were stored at the above facilities. About 269,000 tons of materials were received into storage between July and December 1965, and 290,000 tons of materials sold under disposal programs were shipped from storage depots.

On October 1, 1965, GSA assumed management and custodial responsibility for the 503,000 tons of stockpile materials located at the Fort Worth Army Depot, which facility is being inactivated by the Department of Defense.

Arrangements were made for the continued storage of mercury, lithium, yttrium, and vanadium at plants of the Atomic Energy Commission

in Oak Ridge, Tennessee, Piketon, Ohio, and Grand Junction, Colorado. Quantities of these materials were transferred to GSA for disposal.

One commercial warehouse was evacuated by the sale of the small quantity of cordage fiber remaining on hand.

The former Dickson Gun Plant in Houston, Texas, was sold to private interests, and arrangements were made with the new owners for the long-term storage of stockpile ores stored on the property. As these ores are earmarked for consumption at nearby plants, this facility is now categorized as a "plantsite" location.

ACTIVITIES OF THE DEPARTMENT OF COMMERCE RELATING TO STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS

The Department of Commerce has been delegated a number of responsibilities with regard to the National Stockpile and these, in turn, have been assigned to the Business and Defense Services Administration (BDSA) within the Department. BDSA prepares for the Office of Emergency Planning estimates of essential civilian and war-supporting requirements for strategic materials in a mobilization period, a basic element in determining stockpile objectives. In certain limited cases, it also prepares estimates of the mobilization supply of such materials. It reviews plans for disposal of surplus stockpile materials and provides GSA with its evaluation of the market impact of proposed schedules of sales. In addition, it develops recommendations in the matter of purchase specifications and storage procedures. Finally, it prepares special studies for OEP regarding strategic material problems and, in general, submits to OEP, on behalf of the Department, recommendations or advice on stockpile policies and programs.

ESSENTIAL CIVILIAN AND WAR-SUPPORTING REQUIREMENTS

The Business and Defense Services Administration submitted to OEP a proposed schedule of reviews covering 32 items in the stockpile. The signed monthly completions during months of 1966. Work will commence OEP provides new guidelines on levels needed conventional war developments required

the review during the last half of 1965 of estimates for aluminum oxide, chemical grade bauxite, and metallurgical grade fluorspar.

DISPOSAL PROGRAMS

By December 1965, BDSA had become extremely active in developing recommendations regarding proposed stockpile surplus disposal programs prepared by GSA. In part, the urgency for this activity stemmed from plans for submission to Congress at the opening of its 1966 session requests for authorization of stockpile releases of all major surplus materials still requiring Congressional approval. Based on industry consultations and its own evaluation of market situations, BDSA transmitted to GSA recommendations on programs covering the following materials:

Aluminum Oxide	Lead
Asbestos, Chrysotile	Mercury
(subspecification)	(AEC material)
Asbestos, Crocidolite	Nickel
Bauxite, Jamaica	Opium
Bauxite, Surinam	Platinum
Bismuth	Silicon Carbide
Cadmium	Sisal
Castor Oil	Thorium
Celestite	Titanium
Chromite, Metallurgical	Vanadium
(subspecification)	
Chromite, Metallurgical	Yttrium
	(AEC material)
Columbium	Zinc
Diamond Stones	

NATIONAL STOCKPILE PURCHASE SPECIFICATIONS AND SPECIAL INSTRUCTIONS

The current program for review of purchase specifications and special instructions for National Stockpile materials includes those for which technical developments in individual industries indicate possible changes in material standards and those which may be acceptable, but which have not been examined for some time. It is expected that within two years all specifications will have been reviewed and updated. The work is time-consuming since the importance of stockpiling materials in the type and form suitable for efficient and economic use in wartime requires frequent and detailed consultation with representative and knowledgeable firms in each area and also with Government agencies concerned with the materials. During the reporting period, proposed revisions of the specifications and instructions for the following materials were sent to OEP:

<u>Purchase Specifications</u>	<u>Special Instructions</u>
Asbestos, Chrysotile	Asbestos, Chrysotile
Tungsten Carbide— Crystalline	Graphite, Malagasy Magnesium
Tungsten Carbide Powder	Molybdenum
Tungsten, Metal Powder (Carbon Reduced)	Opium
Tungsten, Metal Powder (Hydrogen Reduced)	Rare Earths
	Shellac
	Thorium

SPECIAL REPORTS AND RELATED ACTIVITIES

BDSA is responsible for maintaining surveillance over industrial practices and for submitting reports and recommendations to OEP when developments in these areas could affect stockpile objectives or stockpile surplus disposal programs. When requested by OEP, BDSA also undertakes special projects or provides reports dealing with various aspects of the stockpile operations. The following studies or activities in this respect were undertaken during the reporting period.

Steel Making Capacity.—OEP requested BDSA to report on the prospective U.S. steel making capacity in the assumed mobilization period by type (carbon, alloy, and stainless). This information will be used in updating guidelines for the review of estimates of requirements. Based on available industry reports and data available within

the agency, an analysis was prepared, giving an estimate of capacity for each type of steel by type of furnace (open hearth, basic oxygen, and electric).

Copper.—In April 1965, BDSA developed for GSA a pattern of allotment of 100,000 tons of copper to be sold from the National Stockpile based on the demonstrated needs of consumers. Of this amount, about 15,500 tons of copper (contained in brass and bronze) were refused for various reasons. In conjunction with the Department of Defense, BDSA developed a plan for the reallocation of this remaining quantity. It was agreed that in light of the Army's difficulty in placing and obtaining delivery of ammunition orders, the 15,500 tons would be set aside for use in filling defense-rated orders for ammunition. A letter to this effect was sent on July 23, 1965, by the Director of OEP to the Administrator of GSA directing him to make the material available for sale to contractors who would use the material in the production of ammunition under DO-A6 rated contracts for the Department of the Army. On September 8, this usage was extended to other defense production areas.

On November 18, 1965, the President, on the recommendations of the Secretaries of State, Treasury, Defense, and Commerce, and the Chairman of the Council of Economic Advisers, and concurred in by the Director of the Office of Emergency Planning, approved the release and disposition of 200,000 tons of copper from the National Stockpile for purposes of the common defense. On the same date, the OEP directed BDSA (Copper Division) to allocate the copper to consumers on the basis of needs for defense-rated orders and hardship.

Applications to purchase the copper (BDSAF 711-A) were distributed by BDSA on November 26. The filing deadline was specified as December 7. To expedite delivery of copper required for urgent defense requirements, copper was immediately released to defense contractors upon certification by DOD. The initial allotments to all eligible applicants (328) were determined by BDSA on December 10.

Molybdenum.—The stringent supply of molybdenum available to industry raised an urgent question of easement through release of molybdenum from the National Stockpile. BDSA prepared a detailed analysis of prospective supply and requirements for this material for the Council

of Economic Advisers and other agencies considering the problem.

Metallurgical Grade Chromite.—The principal suppliers to the United States of metallurgical grade chromite in 1964 included USSR (42%), Rhodesia (38%), South Africa (10%), and Turkey (6%). In view of possible difficulties with regard to the Rhodesian supply, a report was prepared which discussed means of increasing the supply from other sources, including surpluses from Government inventories.

Tungsten Ores and Concentrates.—Current disposals of tungsten ores and concentrates from Government stockpiles raised a question regarding the most desirable kinds to be retained in the stockpile for the production of tungsten metal and carbide powders for stockpiling purposes. Because of the numerous types of concentrates in inventory, a special field survey was undertaken by representatives of the Department of Commerce, accompanied by representatives of the Departments of the Interior and Defense, GSA, and OEP. Based on these discussions with industry, BDSA prepared a special report on the topic with recommendations which were concurred in by the other agencies.

Ferrocolumbium.—Reports from industry indicated a trend toward the use of ferrocolumbium with a columbium-tantalum ratio well above the 8 to 1 prescribed in the Stockpile Purchase Specification. Consultation with ferrocolumbium producers representing 95 percent of the industry disclosed a current sales pattern of 15 to 1 for 50 percent of the market and 30 to 1 and above for the remaining market. In light of this investi-

gation, BDSA recommended that the Stockpile Purchase Specification and Special Instructions for ferrocolumbium include a requirement for a columbium-tantalum ratio of 30 to 1 or better. GSA is consulting with industry as to the economics of using some of the high columbium-tantalum ratio ores in inventory to meet the requirements of the FY 1967 upgrading program.

Titanium Carbide.—At the request of OEP, BDSA conducted a survey of industry usage of titanium carbide which reportedly was supplanting tungsten carbide in the production of tool bits for machine tools. This information was needed to develop any necessary change in mobilization requirements for the two materials and in consequence their stockpile objectives. BDSA prepared a report for OEP, indicating that this use of titanium carbide was still limited but continued surveillance would be undertaken to identify and report on any future trends in the situation.

Capacity of Producers of Aluminum Oxide and Silicon Carbide Abrasive Grains.—BDSA surveyed for OEP the capacity of plants for crushing aluminum oxide and silicon carbide and the grading of grains of these materials. Based on the survey, BDSA prepared a report which will be used in an evaluation of the stockpile basic data sheets for the two items.

Platinum.—A special report was prepared for the Council of Economic Advisers and for other agencies regarding the supply-requirements situation for platinum. The report was used in considering urgent requests by industry for the release of platinum from the stockpile.

ACTIVITIES OF THE DEPARTMENT OF STATE RELATING TO STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS

The Department of State provides advice and guidance in regard to the effects of stockpile program activities on the foreign relations and thus on the national interest of the United States, and deals with international relations problems arising out of these activities. The Department helps to
availability of strategic and critical
from the primary producing countries
reliability of these sources in time of
emergency. It participates in a review of

the supply situation for each strategic material and helps to develop the stockpile objectives for these materials.

The Department shares in the development of long-range plans for the disposal of surplus materials and conducts consultations with foreign governments on proposed disposals. Based on these consultations, an evaluation is made of the economic and political effects of such plans on friendly foreign countries and on the foreign rela-

tions of the United States. As necessary, the Department makes recommendations for the adoption or modification of proposed disposal plans.

The Department reviews proposals for the barter of United States surplus agricultural commodities for strategic materials. It also assists and advises the Department of Agriculture on foreign policy problems arising out of the implementation of barter proposals.

ACTIVITIES OF THE DEPARTMENT OF AGRICULTURE RELATING TO STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS

BARTER ACTIVITIES

Barter transactions involving acquisition of foreign-produced strategic materials for the stockpile have represented a smaller part of barter activities since 1963 because most of the Government's stockpiling needs have been met. Strategic materials still needed for the stockpile may be acquired under barter. Materials in excess of stockpile requirements also may be acquired under barter when it is determined by the Secretary of Agriculture, in consultation with the Secretaries of State and Treasury, that it would be to the best interest of the Government (1) in lieu of taking additional foreign currency, (2) for foreign policy reasons, or (3) when a Government dollar contract can be converted to a barter basis.

An interagency review group completed its study of procedures for acquiring strategic materials for stockpiling under the barter program, particularly how and to what extent competition among U.S. firms could be increased, and submitted its report to the Secretary of Agriculture on October 14, 1965. No strategic material transactions were initiated during the period of the review. However, barter exchanging agricultural commodities for stockpile materials have been resumed in accordance with the procurement procedures recommended by the interagency committee.

Three barter contracts for strategic materials, valued at \$6.9 million, were signed in December 1965. These contracts involved acquisition of palladium and iodine for transfer to the Supplemental Stockpile for application against unmet strategic stockpile objectives.

Strategic materials valued at \$8.3 million were delivered during this reporting period, bringing the cumulative total of strategic materials delivered to the Commodity Credit Corporation

During the reporting period, the Department conducted a large number of consultations with foreign governments on both new plans and modifications of existing plans. It received and dealt with such adverse foreign reactions to our disposal plans as arose and gave advice on new foreign policy developments which had a bearing on existing disposal programs.

under barter contracts since 1950 to approximately \$1.6 billion. Of this total, \$223.3 million were transferred to the National Stockpile and about \$1.4 billion to the Supplemental Stockpile through December 31, 1965.

EXPANSION OF DOMESTIC SOURCES

For a number of years, the U.S. Department of Agriculture has been engaged in several research projects aimed at the improvement or development of domestic sources of or substitutes for certain strategic or critical agricultural products. Research on cordage fibers was terminated in December 1965. Seed stocks of varieties and breeding strains of kenaf were placed in storage at Glen Dale, Maryland. Planting stock of species, promising hybrids, and breeding strains of sansevieria were planted at the Introduction Station, Miami, Florida. Research workers connected with cordage fibers are preparing papers covering the final phases of the research program.

TRANSFERS FROM STOCKPILE FOR DISPOSAL

In 1962, all National Stockpile extra long staple cotton was transferred by GSA to the Commodity Credit Corporation—47,518 bales of domestic cotton and about 123,000 bales (running) of Egyptian and Sudanese cotton.

The domestic cotton was added to CCC's inventory, resulting in a total of 53,740 bales. From August 1, 1962 through June 30, 1965, 11,117 bales were sold under a CCC sales program, and 1,981 additional bales were sold between July 1, 1965 and December 31, 1965, reducing this inventory to 40,642 bales.

The foreign-grown portion of the cotton is being disposed of through an export sales program. Cumulative sales under the program from August 1, 1962 to June 30, 1965, totaled 84,450 bales. Sales during the reporting period totaled 5,341 bales, reducing the inventory to 33,209 bales.

FOREST PRODUCTS AND WOOD UTILIZATION RESEARCH

Forest products and wood utilization research resulted in some findings which may prove useful in the handling and maintenance of stockpile items. For example, serviceable pallets can be constructed from low-grade woods provided the proper design and fastening systems are used. Low-

grade thick sliced veneer has considerable merit as a deck material. A semi-automatic pneumatic stapler fastened the veneer to stringers, reducing pallet assembly time to about one-third that required for hand nailing. Staples held the green deck boards and stringers better during drying. Sliced veneer pallets from Appalachian or other hardwoods, produced in volume as an expendable pallet, should be competitive in price with many kinds of "expendables" currently in use.

A machine was invented for producing fiber-board capable of increasing stacking strength of shipping containers about one-third, while using only about 1/10 of the steam required by a conventional corrugating machine.

ACTIVITIES OF THE DEPARTMENT OF THE INTERIOR RELATING TO STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS

The Department of the Interior has the responsibility for the management, conservation, and development of the Nation's natural resources to meet the requirements of national security and an expanding economy. The Department provides advice and assistance to the Office of Emergency Planning in formulating and carrying out programs for the stockpiling of strategic and critical materials. The Department of the Interior conducts research in exploration, mining, beneficiation, and metallurgy and compiles information on production and consumption for use in stockpile planning.

The Department is responsible for emergency preparedness planning with respect to strategic metals and minerals and other resources, and conducts supply-requirements studies, when market conditions or other circumstances warrant, in order to identify problem areas and materials which are likely to be in short supply and to recommend appropriate action to overcome deficiencies. The Department also administers programs to encourage the exploration, development, and mining of minerals and metals for emergency purposes.

DISPOSAL PROGRAMS

The development of long-range programs for the disposal of surplus Government stockpile accelerated during the latter part of the period, and the Department participated in this work. During the forma-

tive stages of each disposal program, the Department consulted with representatives of the industries which would be affected by the disposal in order to obtain their views and comments. These views, with analyses of the market situation, are the basis for Departmental recommendations.

OTHER ACTIVITIES

A special effort has been made to unravel the elements of mine supply for the individual platinum-group metals. The study has revealed a larger dependence on the USSR for platinum than earlier estimates of Soviet output had revealed. The Republic of South Africa appears the mainstay of Free World platinum production. Growing world consumption of platinum has overrun the supply of by-product material from Canada, which as recently as 1954 was the principal world source of primary platinum-group metals.

Successful exploration that led to the recent decision by a company to expend \$22 million in developing a major, new copper, gold, and silver mine in the Battle Mountain District, Nevada, was based in part on the published results of detailed geologic investigations by the Geological Survey over a period of years in north-central Nevada.

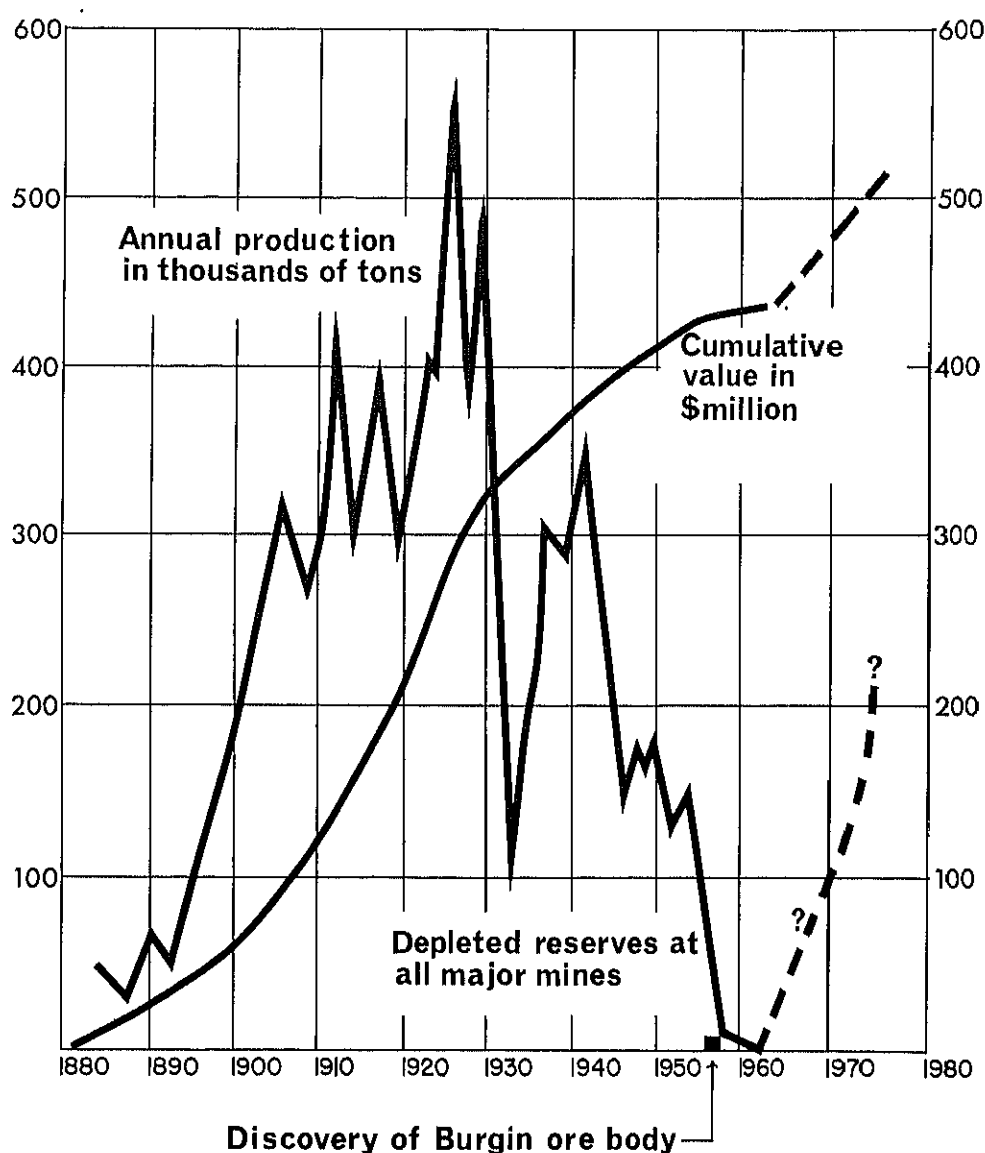
The recent discovery of an important new silver deposit in the Creede District, Colorado, is attributed to Geological Survey studies which pointed out favorable structures for prospecting.

These recent developments illustrate that the productive life of mining districts may be extended appreciably by discoveries resulting from detailed, often lengthy, geologic investigations. Figure 3 shows production and value of precious

metals and base metal ores from the Tintic and East Tintic mining districts, Utah, and the projected revitalization of the districts due to discovery of a major new ore body following years of geologic study which identified exploration targets.

Figure 3

VALUE OF ORE PRODUCTION **TINTIC & EAST TINTIC MINING DISTRICTS, UTAH**



Special and technical reports, issued during July-December 1965, having a relationship to strategic and critical materials are as follows:

BUREAU OF MINES

Minerals Yearbook 1964

Preprints of individual chapters for all strategic minerals were published.

Reports of Investigations

- 6633 Purification, Purity Estimation, and Spectra of Some Organic Derivatives of Fluorine, Silicon, Boron, and Aluminum.
- 6642 Internal Friction as a Function of Orientation in Magnesium Single Crystals.
- 6644 Sulfatization of Nickeliferous Laterites.
- 6647 Removing Copper From Copper-Clad Steel by Oxidation.
- 6649 A Study of the Chlorination Kinetics of Germanium, Silicon, Iron, Tungsten, Molybdenum, Columbium, and Tantalum.
- 6653 Stresses Induced Around Mine Development Workings by Undercutting and Caving, Climax Molybdenum Mine, Colorado (In Two Parts).
- 6656 An Economic and Technical Evaluation of Magnesium Production Methods (In Three Parts).
- 6662 Hydrogen Reduction of Galena and Sphalerite.
- 6663 Heat of Formation of Tantalum Carbide.
- 6664 Some Thermal Properties of Beryllium Fluoride from 8° to 1,200° K.
- 6666 Stresses Induced Around Mine Development Workings by Undercutting and Caving, Climax Molybdenum Mine, Colorado (In Two Parts).
- 6667 Growth and Properties of Zirconia and Titania Whiskers From Fused Salt Baths.
- 6668 Flotation of California Mica Ore.
- 6669 Low-Temperature Heat Capacities and Entropies at 298.15° K of Anhydrous Sulfates of Cobalt, Copper, Nickel, and Zinc.
- 6673 Determination of a Part of the Magnesium-Zirconium Liquidus.
- 6680 Stress Corrosion Cracking of Vanadium, Molybdenum, and a Titanium-Vanadium Alloy.
- 6682 A Torsion Effusion Apparatus for Vapor Pressure Measurement. Vapor Pressure of Silver From 1,200° to 1,500° K.
- 6689 Instrumentation for Primary and Secondary Excitation of Low-Energy X-Ray Spectral Lines.
- 6690 Thermal Expansion Anisotropy and Preferred Orientation in Rolled Zinc Alloys Containing Copper and Titanium.
- 6691 Diborides in the Pseudobinary System TiB_2 - CrB_2 : Electrical Properties.
- 6692 Extraction of Manganese From Georgia Umber Ore by a Sulfuric Acid-Ferrous Sulfate Process (In Two Parts).
- 6697 Heat of Formation of Neodymium Trichloride.
- 6708 High-Temperature Heat Contents and Entropies of Two Zinc Sulfides and Four Solid Solutions of Zinc and Iron Sulfides.
- 6716 Correlation of Yield Behavior in Electrorefined Vanadium With Interstitial Impurities.

Information Circulars

- 8260 Mineral Fillers for the California Pesticides Industry.
- 8269 Mining Methods and Practices at the Young Mine, American Zinc Co. of Tennessee, Jefferson County, Tenn.
- 8271 Block-Caving Copper Mining Methods and Costs at the Miami Mine, Miami Copper Company, Gila County, Ariz.

U.S. GEOLOGICAL SURVEY

Map

- MR-44 Tin in the United States, exclusive of Alaska and Hawaii, by P. L. Killeen and W. L. Newman.

Professional Papers

- 467 Geology of the Prescott and Paulden quadrangles, Arizona, by Medora H. Krieger (lead, zinc, gold).
470 Geology and tungsten mineralization of the Bishop district, California, by P. C. Bateman, *with a section on Gravity study of Owens Valley*, by L. C. Pakiser and M. F. Kane, and a *section on Seismic profile*, by L. C. Pakiser.
478 Geology of the Coeur d'Alene district, Shoshone County, Idaho, by S. Warren Hobbs, Allan B. Griggs, Robert E. Wallace, and Arthur B. Campbell (lead, zinc, silver).
480 Geology of the Sierra Diablo region, Texas, by P. B. King (copper, silver, tungsten, talc).
487 Geology and structural control of ore deposition in the Creede district, San Juan Mountains, Colorado, by T. A. Steven and J. C. Ratte (silver, lead, zinc, gold).
525-C, D Geological Survey Research 1965. Short papers in geology and hydrology. Scientific notes and summaries of investigations.

Bulletins

- 1175 Geology of the Cortez quadrangle, Nevada, by James Gilluly and Harold Masursky, *with a section on Gravity and aeromagnetic surveys*, by D. R. Mabey (silver, gold, copper, lead, zinc).
1182-E Investigations of molybdenum deposits in the conterminous United States, 1942-60, by Harold Kirkemo, C. A. Anderson, and S. C. Creasey, with sections by numerous authors.
1190 Geology and uranium deposits of Montezuma Canyon, San Juan County, Utah, by L. C. Huff and F. G. Lesure (vanadium).
1198-B Geochemical prospecting investigations in the Copper Belt of Vermont, by F. C. Canney.
1199-G Bauxite deposits of the Andersonville district, Georgia, by A. D. Zapp.
1199-H Bauxite in areas adjacent to and between the Springvale and Andersonville districts, Georgia, by A. D. Zapp, and L. D. Clark.
1199-I Bauxite deposits of the Warm Springs district, Meriwether County, Georgia, by W. S. White.
1199-J Bauxite and kaolin deposits of the Irwinton district, Georgia, by W. B. Lang, W. C. Warren, R. M. Thompson, and E. F. Overstreet.
1199-L Bauxite deposits of Tennessee, by J. D. Dunlap, H. R. Bergquist, L. C. Craig, and E. F. Overstreet.

STATUS OF OBLIGATIONAL OPERATIONS
Under PL 117 and PL 520 for The National Stockpile
As of December 31, 1965

AUTHORITY	APPROPRIATED FUNDS <u>a/</u>	AUTHORIZATIONS FOR		TOTAL OBLIGATIONAL AUTHORITY (CUMULATIVE) <u>d/</u>
		MAKING ADVANCE CONTRACTS <u>e/</u>	LIQUIDATING OUTSTANDING ADVANCE CONTRACTS <u>g/</u>	
<u>Under PL 117 - 76th Congress</u>				
PL 361 - 76th Congress, August 9, 1939	\$ 10,000,000	\$	\$	\$ 10,000,000
PL 442 - 76th Congress, March 25, 1940	12,500,000			22,500,000
PL 667 - 76th Congress, June 26, 1940	<u>47,500,000</u>			<u>70,000,000 <u>h/</u></u>
<u>Under PL 520 - 79th Congress</u>				
PL 663 - 79th Congress, August 8, 1946	100,000,000	-	-	100,000,000
PL 271 - 80th Congress, July 30, 1947	100,000,000	75,000,000	-	275,000,000
PL 785 - 80th Congress, June 25, 1948	225,000,000	300,000,000	-	800,000,000
PL 785 - 80th Congress, June 25, 1948	75,000,000	-	75,000,000	800,000,000
PL 119 - 81st Congress, June 23, 1949	40,000,000	270,000,000	-	1,110,000,000
PL 150 - 81st Congress, June 30, 1949	275,000,000	250,000,000	-	1,635,000,000
PL 150 - 81st Congress, June 30, 1949	250,000,000	-	250,000,000	1,635,000,000
PL 434 - 81st Congress, October 29, 1949	-	-	100,000,000 <u>f/</u>	1,535,000,000
PL 759 - 81st Congress, September 6, 1950	365,000,000	-	240,000,000	1,660,000,000
PL 759 - 81st Congress, September 6, 1950	240,000,000	125,000,000	-	2,025,000,000
PL 843 - 81st Congress, September 27, 1950	573,232,449 <u>g/</u>	-	-	2,598,232,449
PL 911 - 81st Congress, January 6, 1951	1,834,911,000	-	-	4,433,143,449
PL 253 - 82nd Congress, November 1, 1951	590,216,500	-	-	5,023,359,949
PL 253 - 82nd Congress, November 1, 1951	200,000,000	-	200,000,000	5,023,359,949
PL 455 - 82nd Congress, July 25, 1952	203,979,000	-	70,000,000	5,137,338,949
PL 176 - 83rd Congress, July 31, 1953	-	-	30,000,000	5,127,338,949
PL 428 - 83rd Congress, June 24, 1954	-	-	27,600,000	5,099,738,949
PL 663 - 83rd Congress, August 26, 1954	379,952,000 <u>h/</u>	-	-	5,479,690,949
PL 112 - 84th Congress, June 30, 1955	321,721,000 <u>i/</u>	-	-	5,801,411,949
PL 112 - 84th Congress, June 30, 1955	27,400,000	-	27,400,000	5,801,411,949
PL 844 - 85th Congress, August 28, 1958	1,000,000	-	-	5,804,411,949
Rescinded by PL 255 - 86th Congress, September 14, 1959	-58,370,923 <u>j/</u>	-	-	5,746,041,026
PL 626 - 86th Congress, July 12, 1960	22,237,000 <u>k/</u>	-	-	5,768,278,026
PL 141 - 87th Congress, August 17, 1961	16,682,510 <u>l/</u>	-	-	5,784,960,536
PL 741 - 87th Congress, October 3, 1962	8,729,887 <u>m/</u>	-	-	5,793,690,423
PL 215 - 88th Congress, December 19, 1963	23,925,000	-	-	5,817,615,423 <u>n/</u>
PL 507 - 89th Congress, August 30, 1964	9,319,168 <u>o/</u>	-	-	5,826,934,591
PL 16 - 89th Congress, April 30, 1965	118,500	-	-	5,827,053,091
PL 128 - 89th Congress, August 16, 1965	<u>15,814,284 <u>p/</u></u>	-	-	<u>5,842,867,375</u>
Total PL 117 and 520	\$5,912,067,365	\$1,020,000,000	\$1,020,000,000	\$5,912,867,375

a/ Congressional appropriations of funds for stockpiling purposes.

b/ Congressional appropriations of contracting authority for stockpiling purposes in advance of appropriation of funds.

c/ Congressional authorization to liquidate outstanding obligations incurred under previously granted advance contract authority.

d/ Cumulative total of appropriated funds and advance contract authorization, less authorization to liquidate outstanding advance contract.

e/ Excludes \$8,845,792 received from sale of stockpile materials for wartime consumption. Receipts were returned to Treasury, February 1948.

f/ Cancellation of previously authorized authority to make contracts.

g/ Excludes \$25,404,521 transferred to operating expenses for rehabilitation of Government-owned material producing plants.

h/ Excludes \$48,000 transferred to Transportation and Public Utilities Service, GSA.

i/ Excludes \$435,000 transferred to Transportation and Public Utilities Service, GSA and \$199,349,000 transferred to General Fund Receipts on June 27, 1956 - PL 623 - 84th Congress.

j/ As of June 30, 1959 this amount included cash of \$52,350,792 and receivables of \$6,020,131.

k/ Excludes \$7,763,000 transferred to other GSA Funds for classified and wage board salary increases during 1961.

l/ Appropriation of \$40,000,000 of which \$22,700 transferred to Office of Administrator, GSA and \$23,294,790 transferred to General Fund Receipts.

m/ Appropriation of \$16,095,000 less transfers to General Fund Receipts of \$9,365,113.

n/ Excludes receipts from rotational sales.

o/ Appropriation of \$17,755,000 less returns to Treasury of \$8,435,832.

p/ Appropriation of \$17,400,000 less returns to Treasury of \$1,585,716.

SOURCE: GENERAL SERVICES ADMINISTRATION

TOTAL OBLIGATIONS AND EXPENDITURES OF STOCKPILING FUNDS
Under PL 117 and PL 520 for THE NATIONAL STOCKPILE
CUMULATIVE AND BY FISCAL PERIOD THROUGH DECEMBER 31, 1965

Fiscal Period	OBLIGATIONS INCURRED <u>A/</u>		EXPENDITURES <u>B/</u>	
	Net Change By Fiscal Period	Cumulative As of End of Period	By Fiscal Period	Cumulative As of End of Period
Prior to Fiscal Year 1948	\$ 123,871,685	\$ 123,871,685	\$ 66,330,731	\$ 66,330,731
Fiscal Year 1948	252,901,411	376,773,096	82,907,575	149,238,306
Fiscal Year 1949	459,766,881	836,539,977	304,486,177	453,724,483
Fiscal Year 1950	680,427,821	1,516,967,798	440,834,970	894,559,453
Fiscal Year 1951	2,075,317,099	3,592,284,897	655,537,199	1,550,096,652
Fiscal Year 1952	948,117,547	4,540,402,444	844,683,459	2,394,780,111
Fiscal Year 1953	252,375,163	4,792,777,607	906,158,850	3,300,938,961
Fiscal Year 1954	116,586,681	4,909,364,288	644,760,321	3,945,699,282
Fiscal Year 1955	321,799,833	5,231,164,121	801,310,094	4,747,009,376
Fiscal Year 1956 <u>C/</u>	251,692,667	5,482,856,788	382,011,786 <u>C/</u>	5,129,021,162 <u>C/</u>
Fiscal Year 1957	190,000,109	5,672,856,897	354,576,558	5,483,597,720
Fiscal Year 1958	54,473,250	5,727,330,147	173,753,997	5,657,351,717
Fiscal Year 1959	38,710,879	5,766,041,026	65,260,098	5,722,611,815
Fiscal Year 1960	19,859,290	5,785,900,316	49,227,142	5,771,838,957
Fiscal Year 1961	29,082,919	5,814,983,235	33,325,431	5,805,164,388
Fiscal Year 1962	31,179,407	5,846,162,642	33,695,431	5,838,859,819
Fiscal Year 1963	17,414,900	5,863,577,542	22,104,176	5,860,963,995
Fiscal Year 1964	15,489,597	5,879,067,139	16,091,067	5,877,055,062
Fiscal Year 1965 -	16,288,732	5,895,355,871	16,561,275	5,893,616,337
Fiscal Year 1966 - First half	6,614,970	5,901,970,841	7,257,168	5,900,873,505

A/ Figures are the sum of obligations incurred under PL 520, 79th Congress and PL 117, 76th Congress.
Final obligations under PL 117, 76th Congress were incurred in Fiscal Year 1949.

B/ Figures are the sum of expenditures under PL 520, 79th Congress and PL 117, 76th Congress.
Final expenditures under PL 117, 76th Congress were made in Fiscal year 1951.

C/ 1956 and subsequent fiscal periods and cumulative expenditures are reported on an accrual basis.

SOURCE: GENERAL SERVICES ADMINISTRATION

EXPENDITURES OF STOCKPILE FUNDS, BY TYPE

(for the National Stockpile)

Cumulative and for First Half Fiscal Year 1966

Type of Expenditure	Cumulative Through June 30, 1965	Six Months Ended December 31, 1965	Cumulative Through December 31, 1965
Expenditures			
Gross Total		\$7,469,789	\$6,444,392,328
Less: Adjustments for Receipts from Rotation Sales and Reimbursements	\$6,436,922,539	212,621	543,518,823
Net Total	5,893,616,337	7,257,168	5,900,873,505
Material Acquisition Costs, Total	5,437,457,624	157,075	5,437,614,699
Stockpile Maintenance Costs, Total	393,627,419	5,252,548	398,879,967
Facility Construction Storage and Handling Costs	43,772,457	-	43,772,457
Net Rotation Costs	247,104,598	5,252,548	252,357,146
Administrative Costs	102,750,364	-	102,750,364
Operations, Machine Tool Program	53,906,769	1,324,158	55,230,927
	8,624,525	523,387	9,147,912

Cumulative figures are the total of expenditures under PL 117, 76th Congress and PL 520, 79th Congress. Expenditures under PL 117 totaled \$70,000,000 of which \$55,625,237 was for materials acquisition costs and \$14,374,763 was for other costs. Final expenditures under PL 117 were made in FY 1951.

SOURCE: GENERAL SERVICES ADMINISTRATION

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
Washington, D. C. 20504

EMERGENCY DEFENSE MOBILIZATION ORDER 8600.1

TO: Federal Departments and Agencies

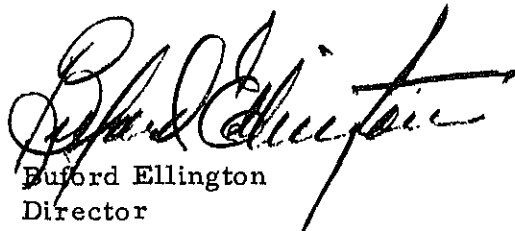
SUBJECT: Provision for the Release of Strategic Materials from
the National Stockpile and Defense Production Act
Inventories by Office of Emergency Planning Regional
Directors in the Event of Enemy Attack upon the United
States

1. Purpose. This Order delegates authority and prescribes procedures for the release of strategic and critical materials from the National Stockpile and Defense Production Act inventories in the event of enemy attack upon the United States.

2. Delegation of Authority. Pursuant to the responsibilities vested in me under the provisions of sections 402(c) and 501 of Executive Order 11051 and section 201(a) of Executive Order 10480, the Regional Directors of the Office of Emergency Planning are hereby authorized and directed, in the event of enemy attack upon the United States and in case communications between the National Office of the Office of Emergency Planning and the Office of Emergency Planning Regions are inoperable, to order the release by the Regional Administrators of General Services of such materials from stockpiles established under the Strategic and Critical Materials Stock Piling Act, as amended, and from the inventories held under the Defense Production Act of 1950, as amended, in such quantities for such uses, and on such terms and conditions as are necessary in the interests of the national defense for allocation to consumers by the field officials of the Departments of Agriculture, the Interior, Commerce, and Health, Education and Welfare, when, in the judgment of the Office of Emergency Planning Regional Directors, immediate action is imperative. This authority does not include strategic materials in the Supplemental Stockpile, which may not be released without the approval of the Congress, nor similar materials held by the Commodity Credit Corporation, which may be released only by the Secretary of Agriculture.

EDMO 8600.1
October 28, 1965

3. Procedures. The procedures under which this delegated authority may be exercised are set forth in Annex 1 to this Order entitled "Guidance on Emergency Release and Allocation of Strategic Materials from Government Inventories in the Event of Enemy Attack upon the United States."



Buford Ellington
Director

DATED: October 28, 1965

GUIDANCE ON EMERGENCY RELEASE AND ALLOCATION OF
STRATEGIC MATERIALS FROM GOVERNMENT INVENTORIES
IN THE EVENT OF ENEMY ATTACK UPON THE UNITED STATES

I. Definitions, as used in this Annex.

a. Stockpiles. Metals, minerals, agricultural and animal products, and health and medical products acquired by the Federal Government under numerous statutes. Basically, raw and semi-processed natural resources used by industry which would be in short supply in time of emergency. Predominantly, the materials are of foreign origin.

There are four accounts called National Stockpile (sometimes referred to as Strategic and Critical Materials Stockpile), Defense Production Act (DPA), Supplemental Stockpile (Barter), and Commodity Credit Corporation (CCC). The CCC account is used only for interim accumulations, which are periodically transferred to the Supplemental Stockpile.

The word "stockpiles" as used in this Annex does not apply to the medical and engineering stockpiles maintained for civil defense purposes, nor to agricultural surpluses under the jurisdiction of the Department of Agriculture.

b. Release. An order from duly constituted authority authorizing the General Services Administration as custodian of the stockpiles to deliver materials to users. Release authority for materials in the National Stockpile and Defense Production Act inventories is vested in the President, who has delegated the responsibility in the event of enemy attack upon the United States to the Director, Office of Emergency Planning. Release orders usually cover large quantities and must be supplemented by allocation directives issued by the Departments responsible for control of the particular resource. (See Supplement C for typical release order.)

c. Allocation Directive. Allotments of various quantities and qualities of materials to specified users in support of essential production. Departments responsible for stockpile material allocations in an emergency are Agriculture, Commerce, the Interior and, for dosage form narcotics, Health, Education and Welfare. Allocation directives are issued to the General Services Administration. GSA arranges for outshipments from depots it selects, generally nearest to users regardless of regional boundaries. (See Supplement C for typical allocation directive.)

d. Supporting Data. Factual information useful to permit OEP Regional Directors and field officials of the Departments making the allocations to evaluate the claimant request for material, first on essentiality of proposed usage and, secondly, as to quantity and quality of requirements. Emergency situation may not permit extensive studies, thus Supplements A and B provide guidance as to the degree of release and allocation control necessary for various groups of materials. Consumption data covering individual plants using strategic materials, the capacity of plants shown in Industry Evaluation Board studies, stockpile basic data studies, and Minerals Yearbooks published by the Bureau of Mines, provide a cursory basis for allocation determinations.

e. Claimant for Allocation. A consumer or processor of strategic materials for war-supporting, survival, reconstruction, or other essential uses. For some special materials and in those cases where the Government is not equipped physically to handle the materials at distribution levels, a claimant may be an established distributor, who would act in behalf of the Government to receive bulk assignments of special materials which it would re-sort and redistribute to approved small or specialized users entitled to receive them under certification procedures specified in emergency regulations of the Defense Materials System administered by the Department of Commerce; or other priorities and allocation actions of the Departments having jurisdiction over the users.

II. Background and Current Arrangements

a. Nature and Purpose of Government Inventories of Strategic Materials. Government inventories of strategic materials have been accumulated under several acts of Congress. The inventory specifically established for defense emergencies is the Strategic and Critical Materials Stockpile (commonly known also as the Strategic Stockpile or National Stockpile). This stockpile is intended to meet deficits of strategic materials in a Limited Emergency or General Nuclear War as defined in Part I of The National Plan for Emergency Preparedness.

Strategic materials would be used primarily to provide for basic industrial needs for defense and essential civilian production, rather than as immediate survival items.

Other inventories that might supplement or augment the Strategic and Critical Materials Stockpile in an emergency are the

Defense Production Act inventory, the Supplemental Stockpile, and the Commodity Credit Corporation non-agricultural inventory.

The Federal stockpile inventories of some strategic materials are estimated to be sufficient to meet total United States requirements for at least a three-year emergency period. In other cases, notably where partial reliance has been placed on domestic production and imports of materials from nearby sources during an emergency, the stockpile inventories may be much less than total essential requirements. In these latter cases, strict allocations or use-restrictions may be required to assure application of the relatively small Government inventories of strategic materials to the highest priority uses unless or until supplies are sufficiently augmented from domestic production and imports to meet all essential requirements.

b. Administration. Strategic stockpile inventories are accumulated to meet national defense requirements. In an emergency, distribution of Government inventories must be related to meeting supply deficits against total national requirements after taking account of industry inventories, domestic production, and imports. National Office control of stockpile releases is, therefore, expected to apply in an emergency, except when communications between regional offices and the National Office are inoperative.

c. Custody. The Strategic Stockpile, Defense Production Act inventory, and Supplemental Stockpile are under the custodial management of the Defense Materials Service (DMS), of the General Services Administration (GSA). (See National Plan for Emergency Preparedness.) Care and handling of the Commodity Credit Corporation (CCC) strategic inventory is also under GSA, acting as custodian for CCC. Strategic materials are stored at some 160 locations throughout the United States. Storage depots include facilities operated by the General Services Administration, Department of Defense, Bureau of the Mint, commercial warehousemen, and industries that are normally large consumers of specific materials.

d. Strategic Storage Location. Strategic materials applicable to Strategic Stockpile objectives are generally stored in geographic areas of consumption. Strategic materials not applicable to the objectives may be stored elsewhere. In the case of applicable materials, the percentage of the objective stored in each consuming area is substantially equivalent to the area percentage of national consumption. For some materials that are domestically produced, however, the geographic location of the Strategic Stockpile provides for service

only to consumers in areas where there is no domestic production. Storage near consuming areas represents "stockpiling of ton-miles," and reduces the burden on transportation facilities in time of national emergency.

Strategic location of the materials has no direct relationship to the administrative boundaries of the regional offices of the Office of Emergency Planning, General Services Administration, or the Departments of Commerce, Agriculture, the Interior, and Health, Education and Welfare, which are respectively the planning, custodial, and allocation agencies for the Strategic Stockpile. Industrial complexes overlap the administrative jurisdictions of these offices.

e. Inventory and Location Data. Inventory and location data for strategic materials are compiled periodically by the General Services Administration and furnished by that agency to all General Services Administration and Office of Emergency Planning Regional Offices. OEP Regional Offices have also been furnished copies of the input listing of relevant resources included in the computer system of the OEP National Resource Evaluation Center (NREC). NREC Resource Category G-2 provides data on all Government inventories of specification-grade strategic materials. The G-2 input listings at NREC are updated annually from the September 30 inventory position.

Alternate records, providing details of quality, quantity, and location of strategic materials, have been placed at the National Office special facilities of the Office of Emergency Planning, General Services Administration, and the allocation agencies -- the Departments of Agriculture, the Interior, Commerce, and Health, Education and Welfare.

f. Security Classification. Information related to national inventories of strategic materials is unclassified. When all storage locations are identified, however, the information carries a security classification. Individual release and allocation documents will be unclassified unless further advised.

III. Authority to Release Strategic Materials from the Strategic Stockpile

a. The President. Section 5 of the Strategic and Critical Materials Stock Piling Act, as amended, provides, in pertinent part:

"Except for the rotation to prevent deterioration and except for the disposal of any material pursuant to Section 3 of this Act, materials acquired under this Act shall be released for use, sale, or other disposition only (a) on order of the President at any time when in his judgment such release is required for purposes of the common defense, or (b) in time of war or during a national emergency with respect to common defense proclaimed by the President, on order of such agency as may be designated by the President."

b. The Director of the Office of Emergency Planning. Executive Order 11051 of September 27, 1962 provides, in pertinent part, that:

"The Director /OEP/ is hereby designated as an agency under and for the purposes of the provisions of clause (b) of Section 5 of the Strategic and Critical Materials Stockpiling Act (50 U.S.C. 98d (clause (b))); and, accordingly, in the event of enemy attack upon the United States the Director is authorized and directed to order the release by the Administrator of General Services of such materials from stockpiles established under the said Act, in such quantities, for such uses, and on such terms and conditions, as the Director determines to be necessary in the interests of the national defense."

IV. Release and Distribution

a. With Regional-National Communications Operable. In the event of enemy attack upon the United States in which regional communications with the National Office are operable, the Director of the Office of Emergency Planning will be responsible for authorizing the release of strategic materials from the Strategic and Critical Materials Stockpile and Defense Production Act inventories and, to the extent permissible, from other Government inventories (see National Plan for Emergency Preparedness and DMO 8400.1). Allocation controls would be administered under the general policy guidance and direction of the Office of Emergency Planning, by the Departments of Commerce, the Interior, Agriculture, and Health, Education and Welfare as indicated in Supplements A and B to this Annex. General Services Administration will make the materials available to industry or others under allocation directives from the relevant departments.

b. With Regional-National Communications Not Operable.

1. Basic Arrangements. In the event of enemy attack upon the United States in which field communications with the National Office are not operable, the OEP Regional Director may authorize the release of materials.

The field offices of the Departments of Commerce, the Interior, Agriculture, and Health, Education and Welfare, as allocating agencies, will receive applications from users of materials and will administer any necessary use or distribution controls of strategic materials under the general direction of the OEP Regional Director. If, however, the field offices of the Departments of Commerce, the Interior, Agriculture, Health, Education and Welfare are not operable, the OEP Regional Director may receive the applications for materials and will exercise such use of distribution control functions as the emergency dictates.

The General Services Administration should so far as feasible make materials available from storage points nearest points of consumption in order to conserve transportation.

Release and distribution of all materials should be consistent with all postattack priority production considerations outlined in The National Plan for Emergency Preparedness.

2. Maintenance of Records. Each Office of Emergency Planning, Agriculture, Commerce, the Interior, Health, Education and Welfare, and General Services Administration regional office should maintain appropriate release and distribution control records; and upon establishment of communications with the National Office, should submit such records to its national office so that current inventory and commitment data covering the national accounts may be promptly reestablished.

3. Supporting Data Files. Adequate resource data are essential to the effective release, allocation, and distribution of strategic materials in a postattack situation where National Office direction is not operative.

For much of the necessary industry information and technical advice, OEP Regional Directors will depend upon the allocating agencies -- Departments of Agriculture, Commerce, the Interior, and

Health, Education and Welfare. Some of the data, in addition to being maintained in the field offices of these agencies, may be available in OEP Regional Offices.

For an interim period, until the Departments of Agriculture, Commerce, and the Interior have compiled and distributed plant consumption data for the individual materials, general reference may be made to the National Resource Evaluation Center listing, Resource Category G-1, "Consumers of Strategic Materials." This listing shows consumption of strategic materials by city by percentage of national consumption. It does not identify the names of the plants nor the number of plants which may have been consolidated into a city or percentage, and thus will serve only to establish an order of magnitude of geographical areas.

V. Criteria for Release and Distribution Actions by OEP Regional Directors when Communications with National Office are Disrupted and Field Offices of Allocating Agencies are Inoperative

a. Quantitative Guidance. In considering how liberally materials may be released from Government inventories, it should be recognized that the size of these inventories varies markedly in relation to prospective postattack requirements. Government inventories of some strategic materials are estimated to be sufficient to cover consuming capacity for three years or more, even when assuming that all preattack capacity is intact. Destruction of consuming capacity generally would increase the ratio of these inventories to capacity. In other cases, notably where stockpile objectives assume a partial reliance upon domestic production and imports from nearby sources during an emergency, the inventories may be relatively small.

For the guidance of OEP Regional Directors for an interim period when they may need to allocate Government inventories of strategic materials to users as well as to authorize their release, Government inventories are listed in Supplements A and B to this Annex. Supplement A lists the Federal stockpile materials that are likely to be relatively abundant in relation to postattack needs, and Supplement B lists those materials in stockpiles that might be in relatively limited supply. Materials have been placed in Supplement A or B after due consideration to a number of factors, such as the relationship of the inventory to the total requirements and amounts normally required for essential products. The assignment of

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materials to the departments is based upon practical interpretations by staffs of these departments of the "Agreement Between the Secretary of the Interior and the Secretary of Commerce," June 21, 1962, (27 F.R. 9228).

b. Maximum Amounts for Single Releases. OEP Regional Directors may release and allocate sufficient quantities of the materials in Supplement A to meet essential requirements for a period of not more than 90 days, and those in Supplement B for a period of not more than 60 days, provided that:

(1) In the absence of proof of greater needs, the quantity of Supplement A material released to any one consumer-claimant shall not exceed the maximum 90-day historical consumption of the claimant's facilities for the grade and form of material required and shall not exceed the 60-day maximum in the case of a Supplement B material.

(2) The quantity released shall take into account reduction in capacity, from any cause, and the availability of materials to the consumer-claimant from his own inventories, current domestic production, and imports.

Should successive disruptions to communications occur, the interim release of a supply of Supplement A material may be repeated. Such releases for materials listed in Supplement B, however, should call for a higher degree of restriction than the initial release.

In releasing and distributing materials, care should be taken to assure that limited inventories of specific grades and forms of materials are not dissipated in uses that do not require such grades and forms. Consumer-claimants for materials should be required to provide reasonable assurances that they will not downgrade the use of materials, make wasteful substitutions, or otherwise fail to conserve limited supplies.

STOCKPILE MATERIALS AVAILABLE IN LARGE
QUANTITIES IN GOVERNMENT INVENTORIES

This listing is based upon inventory status of June 30, 1965 and other considerations. Revisions will be issued as required. Non-objective materials included are identified by an asterisk (*). Interim releases and allocations of these materials to cover not more than 90-day essential needs.

1. Assigned to Department of Agriculture as Allocating Agency

Castor oil
Coconut oil*
Palm oil*

2. Assigned to Department of the Interior as Allocating Agency

Bauxite, metal grade, Jamaica type
Bauxite, metal grade, Surinam type
Beryl
Rutile

3. Assigned to Department of Commerce as Allocating Agency

Aluminum, all grades, except Grade 6A (see Supplement B)
Aluminum oxide, fused, crude (see Supplement B for grain)
Asbestos, crocidolite*

Bauxite, refractory grade
Beryllium copper master alloy
Bismuth

Cadmium, other than ball form (see Supplement B)
Chromite, chemical grade
Chromite, metallurgical grade
Chromite, refractory grade
Cobalt
Colemanite*
Columbite ores and concentrates
Copper, except OFHC and wire bars (see Supplement B)

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Diamond, industrial: crushing bort
Diamond, industrial: stones

Feathers and down, waterfowl
Ferromanganese, high carbon
Ferrochromium - all
Fluorspar, acid grade
Fluorspar, metallurgical grade

Graphite, natural - Ceylon, amorphous lump
Graphite, natural - Madagascar, crystalline
Graphite, natural - other than Ceylon and Madagascar,
crystalline

Iodine

Kyanite-Mullite

Lead

Magnesium
Manganese, battery grade, natural ore
Manganese, battery grade, synthetic dioxide
Manganese, chemical grade, Type A and Type B ore
Manganese, metallurgical grade ore
Mercury

Mica, muscovite block, stained B and lower*
Mica, muscovite block, stained A/B and better
Mica, muscovite film, first and second qualities
Mica, muscovite film, third quality*
Mica, muscovite splittings
Mica, phlogopite block
Mica, phlogopite splittings
Molybdenite (ores and concentrates)

Nickel, all types

Opium, crude gum and upgraded forms
(In addition to crude gum opium, which will not be
usable until processed, there is in the strategic
stockpile a quantity of dosage form narcotics. These

dosage form narcotics have been set aside as civil defense items and will be allocated by the Department of Health, Education and Welfare. As with any National Stockpile material, however, a release order must be issued before allocation (distribution orders are issued.)

Platinum group metals

Quinine
Quartz crystals
Quinidine

Rare earth products*
Rare earth ores and concentrates

Sapphire and ruby
Shellac
Silicon carbide, crude (see Supplement B for grain)
Silk noils*
Silk, Raw*

Tantalite ores and concentrates
Thorium
Tin
Titanium
Tungsten ores and concentrates

Vanadium pentoxide
Vegetable tannin extract
 Chestnut
 Quebracho
 Wattle

Zinc*
Zirconium ore, baddelyite* and zircon*

STOCKPILE MATERIALS AVAILABLE IN LIMITED
QUANTITIES IN GOVERNMENT INVENTORIES

This listing is based upon inventory status as of June 30, 1965 and other considerations. Revisions will be issued as required. Non-objective materials included are identified by an asterisk (*). Interim releases and allocations of these materials to cover not more than 60-day essential needs.

1. Assigned to Department of Agriculture as Allocating Agency

Cordage fibers, abaca
Cordage fibers, sisal
Sperm oil

2. Assigned to Department of the Interior as Allocating Agency
None

3. Assigned to Department of Commerce as Allocating Agency

Aluminum, grade 6 A only (see Supplement A for other grades)
Aluminum oxide, abrasive grain*
Antimony metal
Asbestos, amosite
Asbestos, chrysotile

Beryllium metal

Cadmium, in ball form
Celestite
Chromium metal
Columbium-carbide powder
Columbium-metal
Columbium oxide*
Copper, oxygen-free, high conductivity
Copper, wire bars
Corundum

Diamond dies, small

Ferrocolumbium
Ferromanganese, medium and low carbon
Ferrosilicomanganese
Ferromolybdenum
Ferrotungsten
Ferrovanadium

Jewel bearings

Manganese, electrolytic metal
Molybdic oxide

Pyrethrum

Rubber, crude natural

Sebacic acid
Selenium
Talc, steatite, block and lump
Tantalum metal
Tantalum powder
Tantalum carbide powder
Tungsten carbide powder
Tungsten metal powder, hydrogen
and carbon reduced

1. Typical Release Orders and Allocation Directive

a. Release Order from National Stockpile

Office of Emergency Planning
(Address)

(Date)

(Administrator) (Regional Administrator)
General Services Administration
(Address)

I find, pursuant to the Strategic and Critical Materials
Stock Piling Act, as amended, (Public Law 520, 79th Congress),
that the release of (quantity) of (material) from the National
Stockpile is required for the purposes of common defense.

Therefore, I authorize and order the release of up to
(quantity) of (material) for use during the months of
(A, B, or A, B, C) from the National Stockpile for sale in accord-
ance with allocations of the Department of (Agriculture, Commerce,
the Interior, Health, Education and Welfare).

(signed)

(Director) (Regional Director)
Office of Emergency Planning

Copy: Department of (_____)

b. Release Order from Defense Production Act Inventory

Office of Emergency Planning
(Address)

(Date)

(Administrator) (Regional Administrator)
General Services Administration
(Address)

I find that (quantity) of (material) is needed
by industry for the common defense.

Therefore, I authorize and order the sale of (quantity)
of (material) from the Defense Production Act inventory in
accordance with allocations of the Department of (Commerce,
the Interior).

(signed)

(Director) (Regional Director)
Office of Emergency Planning

Copy: Department of (_____)

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c. Allocation Directive

Department of (Agriculture,
Commerce, the Interior)

(Address)

(Date)

(Administrator) (Regional Administrator)
General Services Administration
(Address)

National)
Regional) Directive No. _____

Pursuant to order dated (date) authorizing the (release)
(sale) of (material) from the (National Stockpile) (Defense
Production Act inventory) for distribution to industry, you are
hereby directed to make available immediately upon receipt of
orders from the companies the following:

<u>Company</u>	<u>Plant location</u>	<u>Amount</u>
Jones, New York	Pittsburgh	500 short tons
Smith, Boston	Milwaukee	1,000 short tons

(signed)

Name
Title

Regional Offices of the Federal Departments and Agencies responsible for the release, allocation, and distribution of strategic materials, in case of enemy attack upon the United States, and in case communications between the Regional and the National Office are inoperable.

a. Office of Emergency Planning (Releases)

1. Regional Office 1, Oak Hill Road, Harvard, Massachusetts, 01451
2. Regional Office 2, Olney, Maryland, 20832
3. Regional Office 3, P. O. Box 108, Thomasville, Georgia, 31792
4. Regional Office 4, Battle Creek Federal Center, Battle Creek, Michigan, 49016
5. Regional Office 5, Denton Federal Center, Denton, Texas 76204
6. Regional Office 6, Denver Federal Center, Building 50, Denver, Colorado 80225
7. Regional Office 7, Santa Rosa, California, 95401
8. Regional Office 8, Everett, Washington 98201

b. Department of Commerce (Allocations). Allocations will be made by the Department of Commerce Regional Coordinators at the Office of Emergency Planning Regional Offices listed above. See also Business and Defense Services Administration Emergency Delegation 1.

c. Department of the Interior (Allocations). Until further advised, the Office of Emergency Planning Regional Directors will allocate the materials assigned to the Department of the Interior, with the advice of Interior's industry executive reservists scheduled for emergency duty at the Office of Emergency Planning Regional Offices.

d. Department of Agriculture (Allocations). Allocations will be made by the Chairman, United States Department of Agriculture

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Regional Defense Board designated for emergency duty at Office of Emergency Planning Regional Offices. See U. S. Department of Agriculture Secretary's Memorandum No. 1489, revised, February 7, 1963.

e. Department of Health, Education, and Welfare.
Allocates dosage form narcotics only.

f. General Services Administration (Distribution). GSA regional offices listed cover preattack boundaries. In the event of a national emergency, the GSA regional boundaries will be automatically changed to conform to the Office of Emergency Planning regions identified by numbers in parentheses.

Region 1	Post Office and Courthouse Building Boston, Massachusetts 02109	(1)
Region 2	30 Church Street New York, New York 10007	
Region 3	7th and D Streets, S.W. Washington, D. C. 20407	(2)
Region 4	1776 Peachtree Street, N.W. Atlanta, Georgia 30309	(3)
Region 5	1222 U.S. Courthouse and Federal Building 219 South Dearborn Street Chicago, Illinois 60604	(4)
Region 6	Federal Building 1500 E. Bannister Road Kansas City, Missouri 64131	
Region 7	1114 Commerce Street Dallas, Texas 75202	(5)
Region 8	Building 41 Denver Federal Center Denver, Colorado 80225	(6)
Region 9	49 Fourth Street San Francisco, California 94103	(7)
Region 10	Regional Headquarters Building Auburn, Washington 98002	(8)

